



WASHOE COUNTY

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CM/ACM KS

Finance DN

DA ✓

Risk Mgt. DE

HR N/A

Other N/A

STAFF REPORT

BOARD MEETING DATE: July 28, 2015

DATE: June 24, 2015

TO: Board of County Commissioners

FROM: Ben Hutchins, CPA, Division Director, Finance and Administration
Community Service Department, 954-4646, bhutchins@washoecounty.us

THROUGH: Dave Solaro, Arch., P.E., Director
Community Services Department, 328-2040, dsolaro@washoecounty.us

SUBJECT: Recommendation to

- 1) approve and execute an ordinance authorizing the issuance by Washoe County, Nevada of its General Obligation (Limited Tax) Sewer Refunding Bond (Additionally Secured by Pledged Revenues) Series 2015 in the maximum principal amount of \$18,100,000 for the purpose of refinancing outstanding obligations of the County; providing the form, terms and conditions thereof and covenants relating to the payment of said bond; and providing for its adoption as if an emergency exists; and providing other matters relating thereto; and
- 2) if adopted, approve the accompanying agreement between the Nevada State Department of Conservation & Natural Resources, acting by and through the Nevada Division of Environmental Protection, and Washoe County. (All Commission Districts)

SUMMARY

Staff is recommending that the Board of County Commissioners (Board) approve and execute an ordinance to refund and defease approximately \$17,386,000 in principal amount of the Sewer and Storm Series 1997, 2000A, 2000B, 2001, 2004, 2005A, 2006 Bonds. If adopted, staff is also recommending the Board approve the accompanying agreement between the Nevada State Department of Conservation & Natural Resources, acting by and through the Nevada Division of Environmental Protection, and Washoe County.

Refinancing these utility bonds will produce a net present value (NPV) savings of approximately \$429,000, or 2.47% of the existing debt; this NPV savings reflects an estimate of \$85,000 for costs of issuance.

Washoe County Strategic Objective supported by this item: Sustainability of our financial, social and natural resources.

PREVIOUS ACTION

Various Dates 1997 to 2006: The Board took numerous actions approving the issuance of Sewer and Storm Series 1997, 2000A, 2000B, 2001, 2004, 2005A, 2006 Bonds.

AGENDA ITEM #

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BACKGROUND

Over \$37.4 million in bonds issued in support of County utility-related infrastructure projects since 1997 have outstanding balances (\$17.4 million) that are callable prior to the maturity of the bonds.

Due to a decrease in market interest rates staff have been working with Nevada's Division of Environmental Protection, Office of Financial Assistance and Office of the State Treasurer to refinance (refund and defease) six existing State Revolving Fund (SRF) loans and one non-SRF loan through the Clean Water State Revolving Fund program.

Current interest rates for the seven outstanding bonds range from 2.9313% - 4.224%. The expected refinanced interest rate approximates 2.40%.

The following table provides a summary of the bonds to be refinanced:

| <u>Utility Bonds</u> | <u>Date</u> | <u>Original Principal Amount</u> | <u>Principal Amount July 1, 2015</u> | <u>Current Interest Rate</u> | <u>Estimated Refinanced Int. Rate</u> |
|--|-------------|--|--|--------------------------------------|---|
| State Revolving Fund (SRF) Bonds: | | | | | |
| Lemmon Valley, Series 1997 | 08/13/97 | \$1,249,137 | \$208,503.91 | 3.3300% | 2.4000% |
| So. Truckee Meadows, Series 2000A | 06/30/00 | 899,228 | 269,238.83 | 3.7000% | 2.4000% |
| Horizon Hills, Series 2000B | 06/30/00 | 178,316 | 53,562.84 | 3.7000% | 2.4000% |
| STMWRF, Series 2001 | 02/02/01 | 21,000,000 | 8,512,891.10 | 3.1250% | 2.4000% |
| Cold Springs, Series 2004 | 06/11/04 | 3,000,000 | 1,598,186.92 | 3.2125% | 2.4000% |
| Spanish Springs, Series 2005A | 08/25/06 | 6,500,000 | 4,192,175.95 | 2.9313% | 2.4000% |
| Subtotal SRF Loans | | 32,826,681.00 | 14,834,559.55 | | |
| Bonds Held by Pinnacle Public Finance: | | | | | |
| Storm Sewer Bonds, Series 2006 | 11/01/06 | 4,600,000.00 | 2,551,616.17 | 4.2240% | 2.4000% |
| Total | | <u>\$37,426,681.00</u> | <u>\$17,386,175.72</u> | | |

The only non-callable bonds (not included above) are approximately \$340,000 of the Storm Sewer Bonds, Series 2006. This portion of that bond series will continue to be outstanding, with a 4.2240% interest rate, paid through its maturity (last payment made January 1, 2017).

In addition to adopting the bond ordinance there's a requirement to execute the accompanying agreement between the Nevada State Department of Conservation & Natural Resources, acting by and through the Nevada Division of Environmental Protection, and Washoe County. The bond ordinance, if approved, provides authority for the Chair to execute the agreement once the interest rate is locked on July 31, 2015. Once locked, the draft agreement would be updated for the final interest rate prior to execution.

FISCAL IMPACT

The maximum principal amount authorized under this bond ordinance is \$18.1 million. This maximum amount was originally developed to include 100% of the Storm Sewer

Bonds, Series 2006, higher fees associated with the costs of issuance, and some flexibility for contingencies. Since \$340,000 of the Storm Sewer Bonds, Series 2006 were determined to be non-callable and would result in a financial disadvantage if defeased, and the issuance costs were later determined to be much lower than originally expected, the expected issuance is under \$17.4 million.

Refinancing these utility bonds will produce a net present value (NPV) savings of approximately \$429,000, or 2.47% of the existing debt; this NPV savings reflects an estimate of \$85,000 for costs of issuance.

The funding sources and pledged revenues for the Sewer Refunding Bond, Series 2015, will not change (sanitary sewer, reclaimed water and stormwater utilities) nor will the maturity dates of the refinanced bonds change since the prior maturity dates are reflected in a new aggregated amortization payment schedule.

The only modifications of financial terms from the previous bonds will be a reduced interest rate and reduced monthly payments.

RECOMMENDATION

It is recommended that

- 1) the Board approve and execute an ordinance authorizing the issuance by Washoe County, Nevada of its General Obligation (Limited Tax) Sewer Refunding Bond (Additionally Secured by Pledged Revenues) Series 2015 in the maximum principal amount of \$18,100,000 for the purpose of refinancing outstanding obligations of the County; providing the form, terms and conditions thereof and covenants relating to the payment of said bond; and providing for its adoption as if an emergency exists; and providing other matters relating thereto; and
- 2) if adopted, it is recommended that the Board approve the accompanying agreement between the Nevada State Department of Conservation & Natural Resources, acting by and through the Nevada Division of Environmental Protection, and Washoe County.

POSSIBLE MOTIONS

Should the Board agree with staff's recommendation, a possible motion would be:

"Move to approve and execute an ordinance authorizing the issuance by Washoe County, Nevada of its General Obligation (Limited Tax) Sewer Refunding Bond (Additionally Secured by Pledged Revenues) Series 2015 in the maximum principal amount of \$18,100,000 for the purpose of refinancing outstanding obligations of the County; providing the form, terms and conditions thereof and covenants relating to the payment of said bond; and providing for its adoption as if an emergency exists; and providing other matters relating thereto." AND

Should the Board agree with staff's recommendation and adopt the bond ordinance, a second possible motion would be:

"Move to approve the accompanying agreement between the Nevada State Department of Conservation & Natural Resources, acting by and through the Nevada Division of Environmental Protection, and Washoe County."

Summary - An ordinance authorizing the issuance by Washoe County, Nevada of its General Obligation (Limited Tax) Sewer Refunding Bond (Additionally Secured by Pledged Revenues), Series 2015, and providing other matters relating thereto.

BILL NO. _____
ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE BY WASHOE COUNTY, NEVADA OF ITS GENERAL OBLIGATION (LIMITED TAX) SEWER REFUNDING BOND (ADDITIONALLY SECURED BY PLEDGED REVENUES) SERIES 2015 IN THE MAXIMUM PRINCIPAL AMOUNT OF \$18,100,000 FOR THE PURPOSE OF REFINANCING OUTSTANDING OBLIGATIONS OF THE COUNTY; PROVIDING THE FORM, TERMS AND CONDITIONS THEREOF AND COVENANTS RELATING TO THE PAYMENT OF SAID BOND; AND PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING OTHER MATTERS RELATING THERETO.

(1) **WHEREAS**, Washoe County, in the State of Nevada (the "County" and "State," respectively), was created as a county pursuant to Section 243.340 of Nevada Revised Statutes ("NRS") and is operating as a county and political subdivision under the laws of the State; and

(2) **WHEREAS**, the County now owns and operates municipal sanitary sewer, storm sewer and reclaimed water systems (the "Municipal Utility System"); and

(3) **WHEREAS**, pursuant to NRS 244A.011 through 244A.065 (the "County Bond Law") and NRS chapter 350 and all laws amendatory thereof, which includes the Local Government Securities Laws, being NRS 350.500 through 350.720, and all laws amendatory thereof (the "Bond Act"), the Board of County Commissioners of the County (the "Board" or "Governing Body") is authorized to borrow money and to issue general obligation bonds of the County for the purpose of defraying wholly or in part the cost to refund certain outstanding obligations of the County (the "Project") for interest rate savings and to effect other economies; and

(4) **WHEREAS**, the County has requested the Director of the Department of Conservation and Natural Resources as Administrator of the State of Nevada Account to Finance the

Construction of Treatment Works and Implementation of Pollution Control Projects (the "Director" and "Revolving Fund", respectively), under NRS 445A.060 to 445A.160, inclusive (the "Project Act"), to make a loan to the County by purchasing the authorized bonds remaining to be issued in the maximum principal amount of \$18,100,000; and

(5) **WHEREAS**, the Director authorized a loan to the County and upon approval of the Department of Administration, authorized the State Treasurer to make a loan to the County from the Revolving Fund to defray the cost of the Project; and

(6) **WHEREAS**, the County intends to hereby authorize the issuance of its general obligation sewer refunding bond in the principal amount as set forth in the Loan Contract (hereinafter defined) not to exceed \$18,100,000 to evidence the obligation to repay the loan from the Revolving Fund; and

(7) **WHEREAS**, the Bond Act and the Project Act permit the general obligation sewer bonds to be sold at private sale to the State; and

(8) **WHEREAS**, after private negotiation pursuant to the Bond Act and the Project Act, the Board has determined to sell its general obligation sewer refunding bond designated as the "Washoe County, Nevada, General Obligation (Limited Tax) Sewer Refunding Bond (Additionally Secured by Pledged Revenues), Series 2015" (the "Bonds"; or the "Bond") to the State for a price equal to the principal amount of the Bonds as set forth in the Loan Contract (as defined herein) and otherwise upon the terms provided below and in the Loan Contract; and

(9) **WHEREAS**, the effective interest rate on the Bonds shall not exceed by more than 3% the "Index of Twenty Bonds" which was most recently published in The Bond Buyer before a negotiated offer is accepted for the Bonds; and

(10) **WHEREAS**, County has previously issued its "Washoe County, Nevada General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues) Series 1997" (the "1997 Bond"); and

(11) **WHEREAS**, County has previously issued its "Washoe County, Nevada General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues), Series 2000A" and its "Washoe County, Nevada, General Obligation (Limited Tax) Sewer Bond (Horizon

Hills) (Additionally Secured by Pledged Revenues), Series 2000B" (collectively, the "2000 Bonds"); and

(12) **WHEREAS**, County has previously issued its "Washoe County, Nevada General Obligation (Limited Tax) Sewer Bond (STMWRF)(Additionally Secured by Pledged Revenues), Series 2001" (the "2001 Bond"); and

(13) **WHEREAS**, County has previously issued its "Washoe County, Nevada General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues), Series 2004" (the "2004 Bond"); and

(14) **WHEREAS**, County has previously issued its "Washoe County, Nevada, General Obligation (Limited Tax) Sewer Bond (Additionally Secured by Pledged Revenues), Series 2005A" (the "2005 Bond"); and

(15) **WHEREAS**, County has previously issued its "Washoe County, Nevada, General Obligation (Limited Tax) Storm Sewer Bond (Additionally Secured by Pledged Revenues), Series 2006" (the "2006 Bond"); and

(16) **WHEREAS**, the Board has determined to refund the portions of the 1997 Bond, the 2000 Bonds, the 2001 Bond, the 2004 Bond and the 2005 Bond (the "Exchanged Bonds") and the 2006 Bond (the "2006 Refunded Bond") designated in a certificate of the County Manager or the chief financial officer of the County (the "Certificate of the Officer") to be executed by the County Manager or the County chief financial officer on or after the date a negotiated offer is accepted on the Bonds and to exchange the Exchanged Bonds held by the State and call the 2006 Refunded Bond for redemption on date designated in the Certificate of the Officer; and

(17) **WHEREAS**, the Board hereby elects to have the provisions of Chapter 348 of NRS (the "Supplemental Bond Act") apply to the Bonds; and

(18) **WHEREAS**, the Board has determined and hereby declares:

(A) It is necessary and for the best interests of the County to effect the Project and to issue the Bonds;

(B) Each of the limitations and other conditions to the issuance of the Bonds in the County Bond Law, the Bond Act, the Supplemental Bond Act, and in any other relevant act of the State or

the Federal Government, has been met; and pursuant to NRS 350.708, Bond Act, this determination of the Board that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion;

(C) This Ordinance pertains to the sale, issuance and payment of the Bonds; this declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of NRS 350.579(2); and

(D) This Ordinance may accordingly be adopted as if an emergency exists and may become effective at any time when an emergency ordinance of the County may go into effect.

NOW, THEREFORE, THE BOARD OF COUNTY COMMISSIONERS OF THE COUNTY OF WASHOE, IN THE STATE OF NEVADA, DO ORDAIN:

SECTION 1. **Short Title**. This Ordinance shall be known and may be cited as the "2015 Sewer Bond Ordinance."

SECTION 2. **Definitions**. The terms in this section and in the preambles hereof defined for all purposes of this Ordinance and of any instrument amendatory hereof or supplemental hereto, and of any other instrument or any other document relating hereto, except where the context by clear implication otherwise requires, shall have the meanings in this section and in said preambles specified:

"Bond Year" means the 12 month period commencing on July 2 of a calendar year and ending on July 1 of the following calendar year.

"Commercial Bank" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation.

"Cost of the Project" means all or any part designated by the Board for the cost of the Project, or interest therein, which cost, at the option of the Board, except as limited by law, may include all or any part of the incidental costs relating to the Project, including, without limitation:

(a) Preliminary expenses advanced by the County from money available for use therefor, or advanced by the Federal

Government, or from any other source, with the approval of the Board;

(b) The costs in the making of surveys, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;

(c) The costs of premiums on builders' risk insurance and performance bonds, or a reasonably allocable share thereof;

(d) The costs of appraising, printing, estimates, advice, services of engineers, architects, accountants, financial consultants, attorneys at law, clerical help or other agents or employees;

(e) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Project, the filing or recordation of instruments, the taking of options, the issuance of the Bond and any other securities relating to the Project, and bank fees and expenses of the Paying Agent, Registrar and the Escrow Agent;

(f) The costs of contingencies;

(g) The costs of the capitalization with the proceeds of the Bond or other securities relating to the Project of any operation and maintenance expenses appertaining to the Project and of any interest on the Bond or other securities relating to the Project for any period not exceeding the period estimated by the Board to effect the Project plus one year, of any discount on the Bond or such other securities, and of any reserves for the payment of the principal of and interest on the Bond or such other securities, of any replacement expenses, and of any other cost of the issuance of the Bond or such other securities;

(h) The costs of amending any ordinance or other instrument authorizing the issuance of or otherwise appertaining to outstanding bonds or other securities of the County;

(i) The costs of funding any medium-term obligations, construction loans and other temporary loans of not exceeding ten years appertaining to the Project and of the incidental expenses incurred in connection with such loans;

(j) The costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements and franchises or any hook-up fees;

(k) The costs of demolishing, removing or relocating any buildings, structures or other facilities on land acquired for the Project, and of acquiring lands to which such buildings, structures or other facilities may be moved or relocated;

(l) The administrative expenses and issuance costs of the State Treasurer through the Department of Conservation and Natural Resources; and

(m) All other expenses necessary or desirable and appertaining to the Project, as estimated or otherwise ascertained by the Board including rebates to the United States under Section 148 of the Tax Code.

"Department" means the State of Nevada Department of Conservation and Natural Resources.

"Director" means the Director of the State of Nevada Department of Conservation and Natural Resources.

"Escrow Account" means the account designated as the " Washoe County, Nevada of its General Obligation (Limited Tax) Sewer Refunding Bond (Additionally Secured by Pledged Revenues), Series 2015" created in Section 401 hereof.

"Escrow Agent" means the escrow agent designated in the Escrow Agreement.

"Escrow Agreement" means the Escrow Agreement between the County and the Escrow Agent.

"Federal Government" means the United States, or any agency, instrumentality or corporation thereof.

"Federal Securities" means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States.

"Fiscal Year" means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year; but if the Nevada Legislature changes the statutory fiscal year relating to the County, the Fiscal Year shall conform to such modified statutory fiscal year from the time of each such notification, if any.

"General Taxes" means general (ad valorem) taxes levied by the County against all taxable property within the boundaries of the County (unless otherwise qualified).

"Gross Revenues" means all income and revenues derived directly or indirectly by the County from the operation and use and otherwise pertaining to the Municipal Utility System or any part thereof, whether resulting from repairs, enlargements, extensions, betterments or other improvements to the Municipal Utility System, or otherwise, and includes all revenues received by the County from the Municipal Utility System, including, without limitation, all payments received by the County, all fees, rates, and other charges for the use of the Municipal Utility System or for any service rendered by the County in the operation thereof, directly or indirectly, the availability of any such service or the sale or other disposal of any commodity derived therefrom, but excluding any moneys borrowed and used for the acquisition of capital improvements and any moneys received as grants, appropriations or gifts from the United States, the State or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the Municipal Utility System, except to the extent any such moneys shall be received as payments for the use of the Municipal Utility System, services rendered thereby, the availability of any such service or the disposal of any such commodities. "Gross Revenues" shall also include all income or other gain from the investment of such income and revenues and of the proceeds of securities payable from Gross Revenues or Net Revenues.

"Municipal Utility System" means the utility system of the County, including but not limited to the sanitary sewer, storm sewer and reclaimed water systems, consisting of all properties,

real, personal, mixed or otherwise, now owned or hereafter acquired by the County through purchase, construction or otherwise, and used in connection with such system of the County, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the County, including, without limitation, machinery, apparatus, structures, buildings and related or appurtenant furniture, fixtures and other equipment, as such system is from time to time extended, bettered or otherwise improved, or any combination thereof.

"Net Revenues" or "Pledged Revenues" means the Gross Revenues remaining after the deduction of Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" means all reasonable and necessary current expenses of the County, paid or accrued, of operating, maintaining and repairing the Municipal Utility System, including, without limitation:

(a) engineering, auditing, reporting, legal and other overhead expenses relating to the administration, operation and maintenance of the Municipal Utility System;

(b) fidelity bond and property and liability insurance premiums pertaining to the Municipal Utility System or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the Municipal Utility System;

(c) payments to pension, retirement, health and hospitalization funds, and other insurance and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance;

(d) any general taxes, assessments, excise taxes or other charges which may be lawfully imposed upon the County, the Municipal Utility System, revenues therefrom or the County's income from or operations of any properties under its control and pertaining to the Municipal Utility System, or any privilege in connection with the Municipal Utility System or its operations;

(e) the reasonable charges of any Paying Agent or Registrar and any depository bank pertaining to the Bonds or any other securities payable from Net Revenues or otherwise pertaining to the Municipal Utility System;

(f) contractual services, professional services, salaries, other administrative expenses and costs of materials, supplies, repairs and labor pertaining to the Municipal Utility System or to the issuance of the Bonds, or any other securities relating to the Municipal Utility System, including, without limitation, the expenses and compensation of any receiver or other fiduciary under the Bond Act;

(g) the costs incurred by the County in the collection and any refunds of all or any part of Gross Revenues;

(h) any costs of utility services furnished to the Municipal Utility System;

(i) any lawful refunds of any Gross Revenues; and

(j) all other administrative, general and commercial expenses pertaining to the Municipal Utility System;

but excluding:

(i) any allowance for depreciation;

(ii) any costs of extensions, enlargements, betterments and other improvements, or any combination thereof;

(iii) any reserves for major capital replacements, other than normal repairs;

(iv) any reserves for operation, maintenance or repair of the Municipal Utility System;

(v) any allowance for the redemption of any Bonds or other security or the payment of any interest thereon or any prior redemption premium due in connection therewith;

(vi) any liabilities incurred in the acquisition or improvement of any properties comprising any project or any existing facilities, or any combination thereof, pertaining to the Municipal Utility System, or otherwise; and

(vii) any liabilities imposed on the County for any ground legal liability not based on contract, including, without limitation, negligence in the operation of the Municipal Utility System.

"Outstanding" when used with reference to the Bonds or any other designated securities payable from Net Revenues and as of any particular date means the Bonds in any manner theretofore and thereupon being executed and delivered:

(a) Except any Bonds or other security canceled by the County, the Paying Agent or otherwise on the County's behalf, at or before such date;

(b) Except any Bonds or other security for the payment or the redemption of which moneys at least equal to its Bond Requirements to the date of maturity or to any Redemption Date shall have theretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in Section 58 hereof; and

(c) Except any Bonds or other security in lieu of or in substitution for which another Bond or other security shall have been executed and delivered.

"Parity Securities" means securities of the County pertaining to the Municipal Utility System and payable from, secured by and with a lien on the Net Revenues on a parity with the lien thereon of the Bonds and the 2006 Bond, to the extent issued in accordance with the terms, conditions and limitations hereof and, where the context requires.

"Paying Agent" means the Treasurer of the County or any successor thereto as paying agent for the Bonds appointed by the Board.

"Person" means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State or any other body corporate and politic other than the

County), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

"Purchaser" means the State of Nevada, acting by and through the Director of the Department of Conservation and Natural Resources as Administrator of the Account to Finance the Construction of the Treatment Works and Implementation of Pollution Control Projects of the State of Nevada.

"Redemption Date" means a date fixed for the redemption prior to their respective maturities of any Bond or other designated securities payable from any Net Revenues in any notice of prior redemption or otherwise fixed and designated by the County.

"Redemption Price" means, when used with respect to a Bond or other designated security payable from any Net Revenues, the principal amount thereof plus accrued interest thereon to the Redemption Date plus the applicable premium, if any, payable upon the redemption thereof prior to the stated maturity date of such Bond or other security on a Redemption Date in the manner contemplated in accordance with the security's terms.

"Registrar" means the Treasurer of the County or any successor thereto as registrar for the Bonds appointed by the Board.

"Revolving Fund" means the Account to Finance the Construction of Treatment Works and the Implementation of Pollution Control Projects of the State of Nevada created by NRS 445A.120.

"Subordinate Securities" means securities of the County pertaining to the Municipal Utility System and payable from, secured by and with a lien on the Net Revenues subordinate and junior to the lien thereon to the Bonds, to the extent issued in accordance with the terms, conditions and limitations hereof.

"Superior Securities" means securities of the County pertaining to the Municipal Utility System and payable from, secured by and with a lien on the Net Revenues prior and superior to the lien thereon to the Bonds, to the extent issued in accordance with the terms, conditions and limitations hereof.

"Tax Code" means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds.

"Trust Bank" means a "commercial bank", as defined herein, which bank is authorized to exercise and is exercising trust powers, and also means any branch of Federal Reserve Bank.

Other capitalized terms used herein shall have the meanings given to such terms in the text hereof, except where the context by clear implication otherwise requires.

SECTION 3. Sale of Bonds; Approval of Loan Contract and Escrow Agreement.

The sale of the Bonds to the State on the terms provided herein and in accordance with the loan agreement between the Department and the County, to be executed by the Chair of the Board, on behalf of the County (the "Loan Contract") is hereby approved. The form, terms and provisions of the Loan Contract substantially in the form as is currently on file with the County Comptroller, with such amendments agreed to by the County Manager or the chief financial officer of the County, and the execution by the Chair shall be conclusive evidence of such agreement, not inconsistent with the provisions of this Ordinance is hereby ratified, approved and confirmed. The form, terms and provisions of the Escrow Agreement substantially in the form as is currently on file with the County Comptroller, with such amendments agreed to by the County Manager or the chief financial officer of the County, and the execution by the County Manager or the chief financial officer of the County shall be conclusive evidence of such agreement, not inconsistent with the provisions of this Ordinance is hereby ratified, approved and confirmed.

SECTION 4. Ratification; All action heretofore taken by the Board and the officers of the County directed toward the Project and toward the issuance, sale and delivery of the Bonds is hereby ratified, approved and confirmed.

SECTION 5. Estimated Life of Facilities. The Board, on behalf of the County, has determined and does hereby declare that the estimated life or estimated period of usefulness of the Project to be refinanced with the Bonds is not less than the term of the Bonds from the date of delivery of the Bonds to the State to final maturity.

SECTION 6. Necessity of Project and Bonds. It is necessary and in the best interests of the Board, its officers, and the inhabitants of the County, that the County effect the Project and defray wholly or in part the cost thereof by the issuance of the Bonds therefor; and it is hereby so determined and declared.

SECTION 7. **Authorization of Project**. The Board hereby authorizes the Project.

SECTION 8. **Ordinance to Constitute Contract**. In consideration of the purchase and the acceptance of the Bonds by those who shall own the same from time to time, the provisions hereof shall be deemed to be and shall constitute a contract between the County and the registered owners from time to time of the Bonds.

SECTION 9. **Bonds Equally Secured**. The covenants and agreements herein set forth to be performed shall be for the equal benefit, protection and security of the owners of the Outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction except as otherwise expressly provided in or pursuant to this Ordinance.

SECTION 10. **General Obligations**. The Bonds, as to the principal thereof, the interest thereon and any prior redemption premiums due in connection therewith (the "Bond Requirements"), shall constitute general obligations of the County, which hereby pledges its full faith and credit for their payment. So far as possible, Bond Requirements shall be paid from Net Revenues of the Municipal Utility System of which the project refinanced by the Bonds is a part (the "Pledged Revenues"). However, the Bonds as to all Bond Requirements shall also be payable from the General Taxes (except to the extent that other moneys such as Net Revenues are available therefor) as herein provided.

SECTION 11. **Limitations upon Security**. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the County, except for the proceeds of General Taxes, the Pledged Revenues and any other moneys pledged for the payment of the Bonds but excluding the Rebate Account and the Escrow Account. No property of the County, subject to such exception, shall be liable to be forfeited or taken in payment of the Bonds.

SECTION 12. **No Recourse Against Officers and Agents**. No recourse shall be had for the payment of the Bond Requirements of the Bonds or for any claim based thereon or otherwise upon this Ordinance or any other instrument relating thereto, against any individual member of the Board or any officer or other agent of the Board or County, past, present or future, either directly or indirectly through the Board or the County, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any,

being by the acceptance of the Bonds and as a part of the consideration of their issuance specially waived and released.

SECTION 13. **Authorization of Bonds.** For the purpose of providing funds to pay all or a portion of the Cost of the Project, the County shall issue its "Washoe County, Nevada, General Obligation (Limited Tax) Sewer Refunding Bond (Additionally Secured by Pledged Revenues), Series 2015", in the principal amount designated in the Loan Contract. The principal amount of the Bond shall not exceed \$18,100,000, and the Bond shall be issued in the form substantially set forth in Section 24 hereof.

SECTION 14. **Bond Details.** A. The Bond shall be issued in fully registered form, i.e., registered as to both principal and interest, in compliance with Section 149 of the Tax Code, and the regulations of the Secretary of the Treasury thereunder. The Bond shall be dated initially as of the date of delivery thereof to the State, and shall be issued as a single bond in the principal amount set forth in the Loan Contract for the Bond. The Bond shall bear interest (calculated on the basis of a 360 day year of twelve 30 day months) from its date until its maturity date (or, if redeemed prior to maturity as provided below, its redemption date) at the rate set forth in the Loan Contract for the Bond and, payable semiannually on January 1 and July 1 of each year commencing on the January 1, 2016 until maturity; provided that if the Bond is reissued upon transfer, exchange or other replacement shall bear interest from the most recent interest payment date to which interest has been paid, or if no interest has been paid, from the date of the Bond. The Bond shall mature serially on January 1 and July 1, commencing on January 1, 2016. The principal and interest payments shall be as set forth in the Loan Contract which shall amortize the Outstanding Bond Requirements of the Bond in the amounts set forth in the Loan Contract for the Bond.

B. The principal of the Bond shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the office of the Paying Agent. If any installment of principal shall not be paid on or ten days after maturity, interest shall continue to accrue at the applicable interest rate until the principal thereof is paid in full, plus a penalty in the amount of one-tenth of one percent (0.1%) will be due for each day of nonpayment commencing 10 days after the maturity date of that principal installment. Payment of interest on the Bond shall be made to the registered owner

thereof by check or draft mailed by the Paying Agent, on or before each interest payment date (or, if such interest payment date is not a business day, on or before the next succeeding business day), to the registered owner thereof, at his or her address as shown on the registration records kept by the Registrar as of the close of business on the fifteenth day of the calendar month next preceding each interest payment date (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the "Regular Record Date"); but any such interest not so timely paid or duly provided for shall cease to be payable to the owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the owner thereof, at his or her address, as shown on the registration records of the Registrar as of the close of business on a date fixed to determine the names and addresses of owners for the purpose of paying defaulted interest (the "Special Record Date"). Such Special Record Date shall be fixed by the Paying Agent whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the owners of the Bond not less than ten days prior thereto by first-class mail to each such owner as shown on the Registrar's registration records as of a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the owner of such Bond and the Paying Agent. So long as the State is the registered owner of the Bonds, payments shall be made by electronic transfer in immediately available funds. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

SECTION 15. Prepayment Option.

A. Optional Prepayment. Installments of principal on the Bond shall be subject to prepayment prior to maturity, at the option of the County, in whole or in part on any January 1 or July 1 from any installments of principal selected by the County, at a price equal to the principal amount of the Bond, or portion thereof, so prepaid, and the accrued interest thereon to the Redemption Date; provided that (i) the State Treasurer consents in writing to such prepayment or (ii) a change in use of the facilities financed by the Bond occurs which change in use necessitates

remedial action under Treas. Reg. Section 1.141-12 in order to comply with the covenant in Section 57 hereof.

B. Partial Prepayment. In the case of a partial prepayment of the Bond pursuant to subsection (A) hereof, the Paying Agent shall select the portions of installments of the Bond to be prepaid by lot at such time as directed by the County (but at least 30 days prior to the prepayment date), and if such selection is more than 60 days before a Redemption Date, shall direct the Registrar to appropriately identify the principal installments of the Bond so called for prepayment by stamping them at the time the Bond or installments of principal thereof so selected for prepayment is presented to the Registrar for stamping or for exchange, or by such other method of identification as is deemed adequate by the Registrar, and any installments of the Bond issued in exchange for, or to replace, the Bond so called for prepayment shall likewise be stamped or otherwise identified.

C. Notice of Prepayment. Unless waived by the owner of the Bond or installments of principal to be prepaid, official notice of any such prepayment shall be given by the Registrar by mailing a copy of an official prepayment notice by first-class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for prepayment to the registered owner of the Bond or any installment of principal to be prepaid at the address shown on the Bond register. Actual receipt of mailed notice by the owner of the Bond shall not be a condition precedent to prepayment of such Bond or any installment of principal. Failure to give such notice to the registered owner of the Bond, or any defect therein, shall not affect the validity of the proceedings for the prepayment of any other installment of principal of the Bond. A certificate by the Registrar that such notice has been given as herein provided shall be conclusive against all parties.

All official notices of prepayment shall be dated and shall state:

1. The Redemption Date,
2. The Redemption Prices,
3. If less than all Outstanding installments of principal due on the Bond are to be prepaid, the identification (and, in the case of partial prepayment, the respective principal amounts) of the installments of principal on the Bond to be prepaid,

4. That on the Redemption Date the Redemption Price will become due and payable upon each such installments of principal to be prepaid or portion thereof called for prepayment, and that interest thereon shall cease to accrue from and after said date, and

5. The place where such Bond is to be surrendered for payment of the Redemption Price, which place of payment shall be the office of the Paying Agent (accrued interest to the prepayment date being payable by mail or as otherwise provided in this Ordinance).

Prior to or on any Redemption Date, the County shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all installments of principal on the Bond or portions thereof which are to be prepaid on that date.

Official notice of prepayment having been given as aforesaid, the Bond or installments thereof so to be prepaid shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the County shall default in the payment of the Redemption Price) such Bond or installments thereof shall cease to bear interest. Upon surrender of such Bond for prepayment in accordance with said notice, such Bond shall be paid by the Paying Agent at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial prepayment of the Bond, there shall be prepared for the registered owner a new Bond of the same maturity in the amount of the unpaid principal. All installments of principal on the Bond or the Bond which have been prepaid shall be noted on the prepayment panel appended to the Bond.

SECTION 16. **Compliance with Federal and State Laws**. The County agrees that it will, at all times that the Bond is outstanding, comply with and require its contractors and subcontractors to comply with all applicable federal and state laws, rules guidelines, regulations and requirements. The County covenants that it will comply with the requirements of 40 CFR Part 31 and comply with, implement and fulfill all environmental mitigation measures committed to by the County as a part of its request to the Director for financing from the Revolving Fund.

SECTION 17. **Negotiability.** The Bond shall be fully negotiable within the meaning of and for the purpose of the Uniform Commercial Code - Investment Securities and each owner shall possess all rights enjoyed by holders of negotiable instruments under the Uniform Commercial Code - Investment Securities.

SECTION 18. **Registration, Transfer and Exchange of Bond.** The Bond shall be subject to the following provisions relating to their registration, transfer and exchange:

(A) Records for the registration of the Bond shall be kept by the Registrar.

The person in whose name the Bond shall be registered, on the registration records kept by the Registrar, shall be deemed and regarded as the absolute owner thereof for the purpose of payment and for all other purposes; and payment of or on account of either principal or interest on the Bond shall be made only to or upon the written order of the owner thereof or his or her legal representative. All such payments shall be valid and effectual to discharge the liability upon such Bond to the extent of the sum or sums so paid.

(B) If the Bond shall be lost, stolen, destroyed or mutilated, the Registrar shall, upon receipt of such evidence, information or indemnity relating thereto as it or the County may reasonably require, and upon payment of all expenses in connection therewith, authenticate and deliver a replacement Bond. If such lost, stolen, destroyed or mutilated Bond shall have matured or shall have been called for prepayment, the Registrar may direct that such Bond be paid by the Paying Agent in lieu of replacement.

(C) Whenever the Bond shall be surrendered to the Paying Agent upon payment thereof, or to the Registrar for replacement as provided herein, such Bond shall be promptly canceled by the Paying Agent or Registrar, and counterparts of a certificate of such cancellation shall be furnished by the Paying Agent or Registrar to the County.

(D) The Registrar shall maintain at his office a registration record for the Bond showing the name and address of the registered owner and the amounts and dates of any principal prepayments on the Bond.

SECTION 19. **Execution and Authentication.**

A. Prior to the execution of the Bond by facsimile signature, and pursuant to NRS 350.638, to the act known as the Uniform Facsimile Signatures of Public Officials Act, cited as Chapter 351, NRS, and to the Supplemental Bond Act, the Chair of the Board of County Commissioners (the "Chair"), the County Treasurer (the "Treasurer") and the County Clerk (the "Clerk") shall each file with the Secretary of State of Nevada his or her manual signature certified by him or her under oath.

B. The Bond shall be approved, signed and executed in the name of and on behalf of the County with the manual or facsimile signature of the Chair, shall be countersigned and executed with the manual or facsimile signature of the Treasurer, and shall bear a manual impression or a facsimile of an impression of the official seal of the County attested with the manual or facsimile signature of the Clerk.

C. No Bond shall be valid or obligatory for any purpose unless the certificate of authentication thereon, substantially in the form hereinafter provided, has been duly manually executed by the Registrar. By authenticating the Bond initially delivered pursuant to this Ordinance, the Registrar shall be deemed to have assented to all of the provisions of this Ordinance.

D. The Chair, the Treasurer and the Clerk are hereby authorized and directed to prepare and to execute the Bond as herein provided.

SECTION 20. **Use of Predecessor's Signature.** The Bond bearing the signatures of the officers in office at the time of the execution of the Bond shall be valid and binding obligations of the County, notwithstanding that before their delivery any or all of the persons who executed them shall have ceased to fill their respective offices. The Chair, the Treasurer, and the Clerk at the time of the execution of a signature certificate relating to the Bond, may each adopt as and for his own facsimile signature the facsimile signature of his predecessor in office if such facsimile signature appears upon the Bond.

SECTION 21. **Incontestable Recital.** Pursuant to NRS 350.628, the Bond shall contain a recital that they are issued pursuant to the Bond Act, which recital shall be conclusive evidence of the validity of the Bond and the regularity of their issuance.

SECTION 22. **State Tax Exemption.** Pursuant to NRS 350.710, the Bond, its transfer and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to the provisions of chapter 375B of NRS.

SECTION 23. **Use of Single Bond.** The Bonds shall be initially evidenced by a single registered Bond in the maximum principal amount set forth in the Loan Contract for the Bond, numbered R-1, which Bond shall be manually signed and executed in the name of and on behalf of the County by the Chair, countersigned and manually subscribed by the County Treasurer, with the seal of the County affixed thereto and attested and manually signed by the County Clerk. The principal installments and interest on the Bond shall be paid by check, draft or warrant made to the order of the registered owner of the Bond and mailed to the address of the registered owner shown on the Bond registration records of the Registrar on or before such payment date, or if such payment date is not a business day, on or before the next succeeding business day. So long as the State is the registered owner, such payment shall be made by depositing with the State Treasurer by electronic transfer, on or before the payment date, or if such payment date is not a business day, on or before the next succeeding business day, immediately available funds in an amount sufficient to make the payment then due. The final installment of principal on the Bond shall be made only upon surrender of the Bond at the office of the Paying Agent. The Bond shall mature in installments of principal and bear interest substantially as provided in Sections 13 through 15 hereof. If a portion of principal of the Bond is called for prepayment, no payment of the principal or Redemption Price of or interest on the Bond, due on or after the date fixed for prepayment shall be made unless the Bond is presented to the Paying Agent and notation of the installments of principal so called for prepayment is made on such Bond. The Bond must be registered in the name of its owner and may be assigned by the registered owner in the manner and with the effect set forth in the provisions for registration contained in the form thereof hereinafter set forth.

The Treasurer shall act as Registrar and Paying Agent and shall maintain at his office registration records for the Bonds showing the name and address of the registered owner, the

amounts and dates of any principal prepayments on the Bonds, and the dates of any transfers of the Bonds.

SECTION 24. **Form of Bond**. The Bond shall be in substantially the following form, said form to be completed with necessary or appropriate variations, insertions, omissions, or endorsements consistent with the provisions of this Ordinance:

(Form of Bond)

TRANSFER OF THIS BOND OTHER THAN BY REGISTRATION IS NOT EFFECTIVE

**WASHOE COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX) SEWER BOND
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2015**

No. R-1
Loan Contract #CW1602

Maximum Principal Amount: \$ _____

Washoe County in the State of Nevada (the "County" and the "State", respectively) for value received hereby acknowledges itself to be indebted and promises to pay to the State of Nevada, c/o the State Treasurer, for deposit to the Account to Finance the Construction of Treatment Works and the Implementation of Pollution Control Projects (the "Revolving Fund"), the principal sum of

_____ and No/100----Dollars (\$ _____)

in installments of principal in the amounts and years listed in the ordinance duly adopted by the Board of County Commissioners (the "Board") of the County on July 28, 2015 (the "Ordinance") and the Loan Contract (as defined in the Ordinance) (unless prepaid as provided herein and noted on the Prepayment Panel appended hereto) in lawful money of the United States of America, together with interest on the unpaid installments of principal from the date of delivery of this Bond appearing below until payment of such installments of principal shall have been discharged as provided in the Ordinance, said interest being payable on January 1 and July 1 of each year commencing on the January 1, 2016 and said installments of principal bearing interest at the rate of ____% per annum, and being payable on January 1 and July 1 of the years and in the amounts designated in the Ordinance and the Loan Contract.

The principal of and interest on this Bond (the "Bond Requirements") are payable by check, draft or warrant made to the order of the registered owner hereof and mailed by the County Treasurer or any successor thereto as paying agent for this Bond (the "Paying Agent") to the address shown for the registered owner on the registration records of the County Treasurer or any successor thereto as registrar for the Bond (the "Registrar"). If the State is the registered owner hereof, payment of the Bond Requirements shall be made by depositing with the State Treasurer, on or before any principal or interest payment date or prior redemption date, the amount coming due on such payment date, by electronic transfer in immediately available funds. If any payment date is not a business day, payment may be made on or before the next succeeding business day. If payment of any installment of principal of this Bond is not made when due, interest on such installment shall continue at the interest rate specified for such installment in the Ordinance until such principal installment is paid in full, plus a penalty in the amount of one-tenth of one percent (0.1%) will be due for each day of nonpayment commencing 10 days after the maturity date of that principal installment.

The final installment of principal on this Bond is payable only on presentation and surrender of this Bond at the office of the Paying Agent.

This single bond is a duly authorized bond of the County (the "Bond") to defray, in part, the cost of refinancing certain outstanding obligations of the County and all appurtenances thereto (the "Project") under the authority of and in full compliance with the constitution and laws of the State.

This Bond is issued pursuant to Nevada Revised Statutes ("NRS") 350.500 through 350.720, and all laws amendatory thereof designated in NRS 350.500 thereof as the Local Government Securities Law (the "Bond Act"); pursuant to NRS 350.011 to 350.0165, inclusive; pursuant to NRS 350.020(3); pursuant to NRS 244A.011 through 244A.065, inclusive, and pursuant to NRS chapter 348; pursuant to NRS 350.628, this recital is conclusive evidence of the validity of the Bond and the regularity of their issuance; and pursuant to NRS 350.710, the Bond, its transfer, and the income therefrom shall forever be and remain free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to the provisions of Chapter 375A of NRS and the tax on generation-skipping transfers pursuant to the provisions of chapter 375B of NRS.

Installments of principal of the Bond are subject to prepayment as provided in the Ordinance. Prepayment shall be made on not less than 30 days prior mailed notice in the manner and upon the conditions provided in the Ordinance. If a prepayment is made on this Bond as specified in the Ordinance, interest shall cease to accrue on the amount prepaid from and after the date fixed for prepayment. If a portion of the principal of this Bond is called for prepayment, no payment of the principal of and interest due in connection with this Bond due on and after the prepayment date shall be made unless this Bond is presented to the Paying Agent and notation of the installments of principal so called for prepayment is made on the Prepayment Panel appended hereto.

It is hereby certified and recited that all of the requirements of law have been fully complied with by the proper officers of the County in the issuance of this Bond; that the total indebtedness of the County, including that of this Bond, does not exceed any limit of indebtedness prescribed by the Constitution or by the laws of the State; that provision has been made for the levy and collection of general (ad valorem) taxes ("General Taxes") against all taxable property within the County sufficient to pay the Bond Requirements of this Bond when the same become due (except to the extent that other revenues are available therefor), subject to the limitations imposed by the Constitution and statutes of the State; and that the full faith and credit of the County are hereby irrevocably pledged to the punctual payment of the Bond Requirements of this Bond according to its terms.

Payment of the principal of and interest on this Bond is additionally secured by a pledge of the net revenues (herein called the "Net Revenues") derived by the County from the operation and use of, and otherwise pertaining to, the sanitary sewer, storm sewer and reclaimed water systems of the County of which the project refinanced by this Bond is a part, consisting of all

properties, real, personal, mixed or otherwise, now owned or hereafter acquired by the County, through purchase, construction or otherwise, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the County, including, without limitation, machinery, apparatus, structures and buildings, and related or appurtenant furniture, fixtures and other equipment, or any combination thereof (herein called the "Municipal Utility System"), whether resulting from extension, enlargements, repairs, betterments or other improvements to the Municipal Utility System, or otherwise, but excluding (1) moneys raised for capital improvements, and (2) grants, appropriations or gifts for limited uses, and after provision is made for the payment of all necessary and reasonable operation and maintenance expenses of the Municipal Utility System, which Net Revenues are so pledged as more specifically provided in the Ordinance.

This Bond is equally and ratably secured by such pledge of the Net Revenues, and such pledge constitutes an irrevocable lien (but not an exclusive lien) upon the Net Revenues, subordinate to the lien on the Net Revenues of any Superior Securities hereafter issued and on a parity with the lien on the Net Revenues of the County's outstanding Parity Securities (as such terms are defined in the Ordinance). Additional securities may be issued and made payable from the Net Revenues of the Municipal Utility System and having a lien thereon superior to, subordinate to or on a parity with such pledge, in each case subject to the conditions of and in accordance with the Ordinance.

Reference is made to the Ordinance and to the Bond Act for an additional description of the nature and extent of the security for this Bond, the accounts, funds, or revenues pledged, the nature and extent and manner of enforcement of the pledge, the rights and remedies of the registered owner of this Bond with respect thereto, the terms and conditions upon which this Bond is issued, and a statement of rights, duties, immunities, and obligations of the County, and other rights and remedies of the owner of this Bond.

To the extent and in the respects permitted by the Ordinance, the provisions of the Ordinance may be amended or otherwise modified by action of the County taken in the manner and subject to the conditions and exceptions prescribed in the Ordinance. The pledge of Net Revenues under the Ordinance may be discharged at or prior to the respective maturities or prepayment of the Bond upon the making of provision for the payment thereof on the terms and conditions set forth in the Ordinance.

This Bond shall not be entitled to any benefits under the Ordinance, or be valid or obligatory for any purpose until the registration panel hereon shall have been manually signed on behalf of the Registrar.

No recourse shall be had for the payment of the Bond Requirements of this Bond or for any claim based thereon or otherwise in respect to the Ordinance or any other instrument pertaining thereto, against any individual member of the Board, or any officer or other agent of the County, past, present or future, either directly or indirectly through the Board or the County, or

otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Bond and as a part of the consideration of its issuance specially waived and released.

IN WITNESS WHEREOF, Washoe County, Nevada, has caused this Bond to be executed in its name by the manual signature of its Chair of the Board of County Commissioners, to be countersigned by the manual signature of its County Treasurer, and attested by the manual signature of its County Clerk and has caused the seal of the County to be reproduced hereon, all as of the __ day of ____, 2015, i.e., the date of delivery of this Bond.

WASHOE COUNTY, NEVADA

(Manual or Facsimile Signature)
Chair, Board of County Commissioners

Countersigned:

(SEAL)

(Manual or Facsimile Signature)
County Treasurer

Attest:

(Manual or Facsimile Signature)
County Clerk

(End of Form of Bond)

(Form of Registration and Authentication Panel on Back of Bond)

AUTHENTICATION AND MANDATORY REGISTRATION FOR PAYMENT
AS TO PRINCIPAL AND INTEREST

The within bond is registered in the office of the Treasurer of Washoe County, Nevada, as Registrar in the name of the last owner listed below, and the principal amount of the bond and interest thereon shall be payable only to such owner, all in accordance with the within-mentioned Ordinance.

| <u>Date of Authentication and Registration</u> | <u>Name of Owner</u> | <u>Address of Owner</u> | <u>Signature of Registrar</u> |
|--|---|--|-------------------------------|
| _____ | State of Nevada, Treasurer, as Custodian of the Revolving Fund of the State of Nevada | State Treasurer 101 North Carson #4 Carson City, Nevada 89701 | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

(End of Form of Registration and Authentication Panel)

(Form of Principal Prepayment Panel on Bond)

WASHOE COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX) SEWER BOND
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2015

PREPAYMENT PANEL

The following installments of principal (or portions thereof) of this Bond have been prepaid by Washoe County, Nevada, in accordance with the terms of the within-mentioned Ordinance.

| <u>Date of Prepayment</u> | <u>Due Date of Installments (or portions thereof) Prepaid</u> | <u>Principal Amount Prepaid</u> | <u>Signature of Paying Agent</u> |
|---------------------------|---|---------------------------------|----------------------------------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

(End of Form of Principal Prepayment Panel)

SECTION 25. **Delivery of the Bonds; Deposit of Proceeds.** When the Bond has been duly executed, the County Treasurer shall deliver it to the State in exchange for the outstanding 1997 Bond, the 2000 Bonds, the 2001 Bond, the 2004 Bond and the 2005 Bond and upon receipt of the agreed purchase price, as stated in the Loan Contract for the Bond necessary to refund all or a portion of the 2006 Refunded Bond as designated in the Escrow Agreement, and shall authenticate and register it in the name of the State on the Bond registration records of the Registrar and make notation of such registration on the registration panel appended to the Bond. The County Treasurer shall cause the proceeds received from the sale of the Bond to be deposited into a special account hereby created and designated as the "Washoe County, Nevada, General Obligation (Limited Tax) Sewer Refunding Bond (Additionally Secured by Pledged Revenues), Series 2015, Escrow Account" (the "Escrow Account") to be held by the Escrow Agent, together with other available moneys of the County, if any, in an amount sufficient to establish an initial cash balance and to purchase the Federal Securities (as hereinafter defined) designated in the Escrow Agreement necessary to defease the 2006 Refunded Bond.

The Escrow Account shall be maintained in an amount at the time of the initial deposits therein and at all times subsequently at least sufficient, together with the known minimum yield to be derived from the initial investment and any temporary reinvestment of the deposits therein or any part thereof in Federal Securities, to pay the Costs of the Project. Moneys shall be withdrawn by the Escrow Agent from the Escrow Account in sufficient amounts and at such times to permit the payment without default of principal of, premium and interest due in connection with the 2006 Refunded Bond through and including the respective redemption dates thereof. Any moneys remaining in the Escrow Account derived from the proceeds of the Bond after provision shall have been made for the redemption in full of the 2006 Refunded Bond shall be applied to any lawful purpose of the County as the Board may hereafter determine.

If for any reason the amount in the Escrow Account shall at any time be insufficient for the purpose of this Section, the County shall forthwith from the first moneys available therefor pursuant to Section 38 hereof deposit in such account such additional moneys as shall be necessary to permit the payment in full of the Costs of the Project.

The County has elected and does hereby declare its intent to refund and defease a portion of the 2006 Refunded Bond and call the 2006 Refunded Bond for redemption on January 2, 2017. The County hereby authorizes and irrevocably instructs the Paying Agent to effectuate the giving of the notice of refunding and defeasance of the 2006 Refunded Bond in the name and on behalf of the County. The notice of refunding and defeasance of the 2006 Refunded Bond shall be given as soon as practicable after delivery of the Bond in the manner provided in the ordinance authorizing the issuance of the 2006 Refunded Bond.

SECTION 26. **Completion of Project**. The County, with the proceeds derived from the sale of the Bonds, shall proceed to complete the Project with due diligence.

SECTION 27. **Use of Investment Gain**. Pursuant to NRS 350.658, and except as may otherwise be required herein, any gain from any investment and any reinvestment of any proceeds of the Bond (except gain from any investment and any reinvestment of any proceeds of the Bond deposited into the Rebate Fund hereinafter defined) shall be deposited promptly upon the receipt of such gain at any time or from time to time into the Acquisition Account to defray, in part, the Cost of the Project or, if adequate provision has been made for the Project, into the Bond Fund hereinafter created, for the respective payment of the principal of or interest on the Bond or any combination thereof. Pursuant to NRS 350.658. As provided herein, the annual General Taxes for the payment of the principal of or interest on the Bonds levied after such deposits of any such investment or reinvestment gain may be diminished to the extent of the availability of such deposit for the payment of such principal or interest.

SECTION 28. **Prevention of Bond Default**. Subject to the provisions of this Ordinance, the Treasurer shall use any Bond proceeds credited to the Acquisition Account, without further order or warrant, to pay the Bond Requirements of the Bond as the same become due whenever and to the extent moneys otherwise available therefor are insufficient for that purpose, unless such Bond proceeds shall be needed to defray obligations accrued and to accrue under any contracts then existing and relating to the Project. The Treasurer shall promptly notify the Board of any such use.

SECTION 29. **Purchaser Not Responsible**. The validity of the Bonds shall not be dependent on nor be affected by the validity or regularity of any proceedings relating to the Project,

or any part thereof, or to the completion of the Project. Neither the State, nor any subsequent owner of any Bond shall in any manner be responsible for the application or disposal by the County or by any of its officers, agents and employees of the moneys derived from the sale of the Bonds or of any other moneys referred to in this Ordinance.

SECTION 30. **General Tax Levies.** So far as possible, the Bond Requirements of the Bonds shall be paid from Net Revenues of the Municipal Utility System. However, pursuant to NRS 350.596, at any time when there are not on hand from such tax levy or levies sufficient funds on deposit in the Bond Fund to pay, when due the principal of and interest on the Bond, the Bond Requirements shall be paid out of the applicable Acquisition Account or out of a general fund of the County or out of any other funds that may be available for such purpose, including, without limitation, any proceeds of General Taxes. For the purpose of repaying any moneys so paid from any such fund or funds (other than any moneys available without replacement for the payment of such Bond Requirements on other than a temporary basis), and for the purpose of creating funds for the payment of the Bond Requirements of the Bond, there are hereby created two separate accounts designated as the "Washoe County, Nevada, General Obligation (Limited Tax) Sewer Refunding Bond (Additionally Secured by Pledged Revenues), Series 2015, Interest Account" (the "Interest Account") and the "Washoe County, Nevada, General Obligation (Limited Tax) Sewer Refunding Bond (Additionally Secured by Pledged Revenues), Series 2015, Principal Account" (the "Principal Account") (collectively, the "Bond Fund"). Pursuant to NRS 350.592 and 350.594, , there shall be duly levied immediately after the issuance of the Bond and annually thereafter, until all of the Bond Requirements shall have been fully paid, satisfied and discharged, a General Tax on all property, both real and personal, subject to taxation within the boundaries of the County, including the net proceeds of mines, fully sufficient to reimburse such fund or funds for any such amounts temporarily advanced to pay such initial installments of principal and interest, and to pay the interest on the Bond becoming due after such initial installment, and to pay and retire the Bond as they thereafter become due at maturity as herein provided, after there are made due allowances for probable delinquencies. The proceeds of such annual levies shall be duly credited to such separate accounts for the payment of such Bond Requirements. In the preparation of the annual budget or appropriation resolution or ordinance for the County, the Board shall first make proper provisions through the levy of sufficient

General Taxes for the payment of the interest on and the retirement of the principal of the bonded indebtedness of the County, including, without limitation, the Bonds, subject to the limitation imposed by NRS 361.453 and Section 2, art. 10, State Constitution, and the amount of money necessary for this purpose shall be a first charge against all the revenues received by the County.

SECTION 31. **Priorities for the Bond.** As provided in NRS 361.463, in any year in which the total General Taxes levied against the property in the County by all overlapping units within the boundaries of the County exceeds the limitation imposed by NRS 361.453, or a lesser or greater amount fixed by the State Board of Examiners in any fiscal year, and it becomes necessary by reason thereof to reduce the levies made by any and all such units, the reductions so made shall be in General Taxes levied by such unit or units (including, without limitation, the County and the State) for purposes other than the payment of their bonded indebtedness, including interest thereon. The General Taxes levied for the payment of such bonded indebtedness and the interest thereon shall always enjoy a priority over General Taxes levied by each such unit (including, without limitation, the County and the State) for all other purposes where reduction is necessary in order to comply with the limitation of NRS 361.453.

SECTION 32. **Correlation of Levies.** Such General Taxes shall be levied and collected in the same manner and at the same time as other taxes are levied and collected, and the proceeds thereof for the Bond shall be kept in the Bond Fund, which accounts shall be used for no other purpose than the payment of principal and interest, respectively, as the same fall due.

SECTION 33. **Use of General Fund.** Any sums becoming due on the Bond at any time when there are on hand from such General Taxes (and any other available moneys) insufficient funds to pay the same shall be promptly paid when due from general funds on hand belonging to the County, reimbursement to be made for such general funds in the amounts so advanced when the General Taxes herein provided for have been collected, pursuant to NRS 350.596.

SECTION 34. **Use of Other Funds.** Nothing in this Ordinance prevents the County from applying any funds (other than General Taxes but including Net Revenues) that may be available for that purpose to the payment of the Bond Requirements as the same, respectively, fall due, and upon such payments, the levy or levies herein provided may thereupon to that extent be diminished, pursuant to NRS 350.598.

SECTION 35. **Legislative Duties.** In accordance with NRS 350.592, , it shall be the duty of the Board annually, at the time and in the manner provided by law for levying other General Taxes of the County, if such action shall be necessary to effectuate the provisions of this Ordinance, to ratify and carry out the provisions hereof with reference to the levy and collection of General Taxes; and the Board shall require the officers of the County to levy, extend and collect such General Taxes in the manner provided by law for the purpose of creating funds for the payment of the principal of the Bonds and the interest thereon. Such General Taxes when collected shall be kept for and applied only to the payment of the principal of and the interest on the Bond as hereinbefore specified.

SECTION 36. **Appropriation of General Taxes.** In accordance with NRS 350.602, there is hereby specially appropriated the proceeds of such General Taxes to the payment of such principal of and interest on the Bonds; and such appropriations will not be repealed nor the General Taxes postponed or diminished (except as herein otherwise expressly provided) until the Bond Requirements of the Bonds have been wholly paid.

SECTION 37. **Pledge of Pledged Revenues.** Subject only to the provisions of this Ordinance permitting the application thereof for or to the purposes and on the terms and conditions set forth herein, there are hereby additionally pledged to secure the payment of principal of and interest on the Bonds in accordance with their terms and the provisions of this Ordinance, all of the Pledged Revenues of the Municipal Utility System and all moneys and securities paid or to be paid to or held or to be held in any account under this Ordinance, except moneys required to be deposited in the Rebate Account and the Escrow Account. This pledge shall be valid and binding from and after the date of the delivery to the State of the Bond; and the Pledged Revenues, as received by the County shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing or further act; and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the County (except as herein otherwise provided) irrespective of whether such parties have notice thereof. The lien of this pledge and the obligation to perform the contractual provisions hereby made shall have priority over any and all other obligations and liabilities of the County payable from the Pledged Revenues, subject to and subordinate to the lien of the pledge of Pledged Revenues to any Superior Securities and except as

herein otherwise provided. The Bonds and any Parity Securities shall be equitably and ratably secured by the pledge of Pledged Revenues hereunder; subject to and subordinate to the lien of the pledge of Pledged Revenues to the Superior Securities. The Bonds and any Parity Securities are not entitled to any priority one over the other in the application of Net Revenues.

SECTION 38. **Municipal Utility Enterprise Fund.** So long as the Bonds hereby authorized shall be Outstanding as to any Bond Requirements, the entire Gross Pledged Revenues of the Municipal Utility System upon their receipt from time to time by the County shall be set aside and credited immediately to a special account heretofore created designated as the "Washoe County Municipal Utility Enterprise Fund" (the "Municipal Utility Enterprise Fund"). So long as the Bond hereby authorized shall be Outstanding as to any Bond Requirements each Fiscal Year, the Municipal Utility Enterprise Fund shall be administered and the moneys on deposit in each account shall be applied in the order of priority specified in Sections 39 through 45 hereof.

SECTION 39. **Operation and Maintenance Fund.** First as a first charge on the Municipal Utility Enterprise Fund so long as the Bonds hereby authorized shall be Outstanding as to any Bond Requirements, there shall be set aside in and credited to a separate account from time to time (such account heretofore created) and known as the Washoe County Municipal Utility System Operation and Maintenance Fund (the "Municipal Utility System Operation and Maintenance Fund") money sufficient to pay operation and maintenance expenses of the Municipal Utility System, such operation and maintenance expenses of the Municipal Utility System are to be as budgeted and approved in accordance with the Budget Act and as such expenses become due and payable thereupon they shall be promptly paid; any surplus remaining at the end of the fiscal year and not needed for operation and maintenance expenses of the Municipal Utility System shall be transferred to the Municipal Utility Enterprise Fund and shall be used for the purposes thereof as herein provided.

SECTION 40. **Superior Securities.** Second, and subject to the aforesaid provisions, from any moneys remaining in the Municipal Utility Enterprise Fund, to pay, when due, the bond requirements of any Outstanding Superior Securities in accordance with the ordinances authorizing the issuance of the Superior Securities and this Ordinance and the requirements of any reserve fund and rebate fund therefor.

SECTION 41. **Bond Fund**. Third, from any moneys thereafter remaining in the Municipal Utility Enterprise Fund, i.e., from the Net Revenues and concurrent with transfers to the bond funds created with respect to any Outstanding Parity Securities, there shall be transferred and credited to the Bond Fund, the following:

(1) Monthly, commencing on the first day of the month immediately succeeding the delivery date of the Bond, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of interest on the Outstanding Bond, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of interest on the Outstanding Bond.

(2) Monthly, commencing on the first day of the month immediately succeeding the delivery date of the Bond, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal on the Outstanding Bond, and monthly thereafter, commencing on each principal payment date, one twelfth of the amount necessary to pay the next maturing installments of principal of the Outstanding Bond. The money credited to the Bond Fund shall be used to pay the Bond Requirements of the Bond as such Bond Requirements become due.

SECTION 42. **Rebate Fund**. Fourth, after the aforementioned deposits, and from the Net Revenues there shall be transferred and credited to the special and separate accounts hereby created and designated as the "Washoe County, Nevada General Obligation (Limited Tax) Sewer Refunding Bond (Additionally Secured by Pledged Revenues), Series 2015, Rebate Fund" (the "Rebate Fund"), and to any other fund or account established for payment of amounts due the United States under Section 148(f) of the Tax Code in connection with any Parity Securities such amounts as are required to be deposited therein to meet the County's obligations under the covenant contained in Section 57 hereof, in accordance with Section 148(f) of the Tax Code. Such deposits shall be made at such times as are required by Section 148(f) of the Tax Code and such covenant and amounts in the Rebate Fund shall be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the Rebate

Fund in excess of those required to be on deposit therein may be withdrawn therefrom and deposited into the Municipal Utility Enterprise Fund.

SECTION 43. **Payment of Subordinate Securities.** Fifth, any moneys thereafter remaining in the Municipal Utility Enterprise Fund may be used by the County for the payment of the principal of and interest on, and payments to the United States required by Section 148(f) of the Tax Code with respect to, Subordinate Securities; and may be used to create reasonable reserves for such securities.

SECTION 44. **Surplus Revenues.** Sixth, any moneys thereafter remaining in the Municipal Utility Enterprise Fund may be used by the County at the end of any Fiscal Year of the County, or whenever there shall have been credited all amounts required to be deposited in the respective foregoing separate accounts for all of that fiscal year, for any lawful purposes of the County, as the Board may from time to time determine, including, without limitation, for the creation of operation and maintenance reserves and capital reserves, the payment of capital costs and major maintenance costs of the Municipal Utility System, to pay any other obligations pertaining to the System or otherwise.

SECTION 45. **Termination of Deposits.** No payment need be made into the Bond Fund if the amounts in that fund total a sum at least equal to the entire amount of the Outstanding Bond as to all Bond Requirements to their respective maturities both accrued and not accrued, in which case moneys in such fund in an amount, except for any interest or other gain to accrue from any investment of moneys in Federal Securities from the time of any such investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, at least equal to such Bond Requirements, shall be used, together with any such gain from such investments, solely to pay such Bond Requirements as the same become due.

SECTION 46. **Equal Security.** The Bonds and any Parity Securities from time to time Outstanding shall be equally and ratably secured by the pledge of Pledged Revenues hereunder and shall not be entitled to any priority one over the other in the application of the Pledged Revenues regardless of the time or times of the issuance of the Bonds and any Parity Securities.

SECTION 47. **Defraying Delinquencies.** If at any time the County shall for any reason fail to pay into the Bond Fund or the Rebate Fund the full amount above stipulated from the

Net Revenues, then an amount shall be paid first into the Bond Fund and second into the Rebate Fund at such time equal to the difference between that paid from the Net Revenues and the full amount so stipulated. If any Parity Securities are Outstanding, and if the proceedings authorizing issuance of those securities require the replacement of moneys in a bond fund, reserve fund or rebate fund therefor, then the moneys replaced in such funds shall be replaced on a pro rata basis related to the principal amount of the then Outstanding Bonds and the then Outstanding Parity Securities, as moneys become available therefor, first into all of such bond and reserve funds and second into all such rebate funds.

SECTION 48. Conditions to Additional Superior or Parity Securities.

(A) Nothing herein, except as expressly hereinafter provided, shall prevent the issuance by the County of additional securities payable from Net Revenues and constituting a lien thereon superior to or on a parity with the lien thereon of the Bonds, provided, however, that the following are express conditions to the authorization and issuance of any such Superior Securities or Parity Securities:

(1) At the time of adoption of the instrument authorizing the issuance of the additional Superior Securities or Parity Securities, the County shall not be in default in the payment of principal of or interest on the Bonds.

(2) The Net Revenues (subject to adjustments as hereinafter provided) projected by the County's chief financial officer, County Engineer or an Independent Accountant or consulting engineer to be derived in the later of (i) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the additional Superior Securities or Parity Securities are projected to be completed or (ii) the first Fiscal Year for which no interest has been capitalized for the payment of any Superior Securities or Parity Securities, including the Parity Securities proposed to be issued, will be sufficient to pay at least an amount equal to the principal and interest requirements (to be paid during that

Fiscal Year) of the Outstanding Bonds, any other Outstanding Superior Securities or Parity Securities of the County and the Superior Securities or Parity Securities proposed to be issued (excluding any reserves therefor).

B. In any determination of whether or not additional Superior Securities or Parity Securities may be issued in accordance with the foregoing earnings test, consideration shall be given to any probable estimated increase or reduction in Operation and Maintenance expenses that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional Superior Securities or Parity Securities.

C. In any determination of whether or not additional Superior Securities or Parity Securities may be issued in accordance with the foregoing earnings test, the respective annual principal (or redemption price) and interest requirements shall be reduced to the extent such requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

D. A written certificate or written opinion by the County's chief financial officer, the County Engineer, or an independent accountant or consulting engineer that the foregoing earnings test is met shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver additional Superior Securities or Parity Securities.

E. In connection with the authorization of any such additional securities the Board may on behalf of the County adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the County herein and no such covenant or agreement may be materially adverse to the interests of the holder of the Bonds. Any finding of the Board to the effect that the foregoing requirements are met shall, if made in good faith, conclusively establish that the foregoing requirements have been met for purposes of this Ordinance.

SECTION 49. **Subordinate Securities.** The County may issue Subordinate Securities payable from Net Revenues and constituting a lien thereon subordinate to the lien thereon of the Bonds, any Outstanding Parity Securities and any Outstanding Superior Securities.

SECTION 50. **Superior Securities.** Subject to the provisions of Section 48, the County may issue Superior Securities payable from Net Revenues and constituting a lien thereon prior and superior to the lien thereon of the Bonds, any Outstanding Parity Securities and any Outstanding Subordinate Securities provided that any Superior Securities shall be offered and sold at public sale by competitive bid or negotiated sale pursuant to NRS 350.155. Superior Securities may not be sold by negotiated sale pursuant to NRS 350.155(1)(g).

SECTION 51. **Issuance of Refunding Bonds.**

A. At any time after the Bond, or any part thereof, are issued and remain Outstanding, if the County shall find it desirable to refund any Outstanding Bond or other outstanding securities, such Bond or other securities, or any part thereof, may be refunded only if the Bond or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for the purpose of refunding them at the County's option upon proper call, unless the owner or owners of all such Outstanding securities consent to such surrender and payment, regardless of whether the priority of the lien for the payment of the refunding securities on the Net Revenues is changed (except as provided in Section 48 hereof).

B. The refunding bonds or other refunding securities so issued shall enjoy complete equality of lien with the portion of any securities of the same issue which is not refunded, if there is any; and the owner or owners of the refunding securities shall be subrogated to all of the rights and privileges enjoyed by the owner or owners of the unrefunded securities of the same issue partially refunded by the refunding securities.

C. Any refunding bonds or other refunding securities payable from any Net Revenues shall be issued with such details as the Board may by ordinance provide, subject to the provisions of this section but without any impairment of any contractual obligation imposed upon the County by any proceedings authorizing the issuance of any unrefunded portion of the Outstanding securities of any one or more issues (including, without limitation, the Bond).

D. If only a part of the Outstanding Bond and other Outstanding securities of any issue or issues payable from the Net Revenues is refunded, then such securities may not be refunded without the consent of the owner or owners of the unrefunded portion of such securities:

(1) Unless the refunding bonds or other refunding securities do not increase for any Bond Year the aggregate principal and interest requirements evidenced by the refunding securities and by the Outstanding securities not refunded on and before the last maturity date or last Redemption Date, if any, whichever is later, of the unrefunded securities, and unless the lien of any refunding bonds or other refunding securities on the Net Revenues is not raised to a higher priority than the lien thereon of the Bond or other securities thereby refunded; or

(2) Unless the lien on any Net Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or

(3) Unless the refunding bonds or other refunding securities are issued in compliance with Section 48 hereof.

SECTION 52. **Operation of the System.** The County shall at all times operate the Municipal Utility System properly and in a sound and economical manner and shall maintain, preserve and keep the Municipal Utility System properly, or cause the same so to be maintained, preserved and kept, in good repair, working order and condition. The County also shall from time to time make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the Municipal Utility System may be properly and advantageously conducted in conformity with standards customarily followed by municipalities operating water and sewer systems of like size and character.

Except for the use of the Municipal Utility System or services pertaining thereto in the normal course of business, neither all nor a substantial part of the Municipal Utility System shall be sold, leased, mortgaged, pledged, encumbered, alienated or otherwise disposed of until the Bond has been paid in full, or unless provision has been made therefor as hereinafter provided.

SECTION 53. **Payment of Taxes, Etc.** The County shall pay or cause to be paid all taxes, assessments and other municipal or governmental charges, if any, lawfully levied or assessed upon or in respect of the Municipal Utility System or any part thereof, or upon any portion of the Net

Revenues, when the same shall become due. The County shall duly observe and comply with all valid requirements of any municipal or governmental authority relative to the Municipal Utility System or any part thereof, except for any period during which the validity of the same is being contested in good faith by proper legal proceedings. The County shall not create or suffer to be created any lien or charge on the Municipal Utility System or any part thereof, or upon the Net Revenues, except the pledge and lien created by this Ordinance for the payment of the Bond and any Outstanding Superior, Parity or Subordinate Securities issued in accordance herewith, and except as herein otherwise permitted. The County shall pay or cause to be discharged or shall make adequate provision to satisfy and to discharge within 60 days after the same shall become payable, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the Municipal Utility System or any part thereof, or upon the Net Revenues. Nothing herein contained requires the County to pay or cause to be discharged or to make provision for any such tax, assessment, lien, charge or demand before the time when payment thereon shall be due, or so long as the validity thereof shall be contested in good faith by appropriate legal proceedings.

SECTION 54. **No Competing Facilities.** The County shall neither construct nor permit to be constructed other facilities or structures to be operated by the County separate from the Municipal Utility System and competing for Net Revenues otherwise available for the payment of the Bond or any other securities payable from Net Revenues; provided, however, that nothing herein contained shall impair the police powers of the County or otherwise cause the County to violate any applicable law.

SECTION 55. **Rate Covenant.** The County shall charge against users or against purchasers of services or commodities pertaining to the Municipal Utility System such fees, rates and other charges as shall be sufficient to produce Gross Revenues annually which, together with any other funds available therefor, will be in each Fiscal Year of the County at least equal to the sum of:

- (a) an amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year;

- (b) an amount equal to the debt service due in such Fiscal Year on the then Outstanding Bonds and any Outstanding Superior Securities and Parity Securities; and
- (c) any other amounts payable from the Gross Revenues and pertaining to the Municipal Utility System, including, without limitation, debt service on any Subordinate Securities and any other securities pertaining to the Municipal Utility System, operation and maintenance reserves, capital reserves and prior deficiencies pertaining to any account relating to Gross Revenues.

The foregoing rate covenant is subject to compliance by the County with any legislation of the United States of America, the State or other governmental body, or any regulation or other action taken by the United States, the State or any agency or political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges collectible by the County for the use of or otherwise pertaining to, and all services rendered by, the Municipal Utility System.

Subject to the foregoing, the County shall cause all fees, rates and other charges pertaining to the Municipal Utility System to be collected as soon as reasonable and shall provide methods of collection and penalties to the end that the Gross Revenues shall be adequate to meet the requirements hereof.

SECTION 56. **Books of Record and Account.** So long as the Bonds remain Outstanding, proper books of record and account shall be kept by the County, separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the Municipal Utility System and to all moneys pertaining thereto, including, without limitation, the Net Revenues.

SECTION 57. **Tax Covenant.** The County covenants for the benefit of the owner of the Bonds that it will not take any action or omit to take any action with respect to the Bond, the proceeds thereof, any other funds of the County or any facilities financed with the proceeds of the

Bond if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the County in fulfilling the above covenant under the Tax Code have been met.

SECTION 58. **Defeasance**. When all Bond Requirements of any Bond have been duly paid, the pledge, the lien, and all obligations hereunder as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be Outstanding within the meaning of this Ordinance. There shall be deemed to be such due payment when the County has placed in escrow or in trust with a Trust Bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from the Federal Securities in which such amount may be initially invested wholly or in part) to meet all Bond Requirements of the Bond, as the same become due to the final maturity of the Bond, or upon any redemption date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Bond for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the County and the Trust Bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owner of the Bond at the addresses last shown on the registration records for the Bond maintained by the Registrar.

SECTION 59. **Amendments**. This Ordinance may be amended or supplemented by instruments adopted by the County, without receipt by the County of any additional consideration,

but with the written consent of the owners of at least 66% in aggregate principal amount of the Bonds Outstanding at the time of the adoption of the amendatory or supplemental instrument, excluding bonds which may then be held or owned for the account of the County, but including such refunding securities as may be issued for the purpose of refunding the Bond if the refunding securities are not owned by the County. No such instrument shall permit:

(a) A change in the maturity or in the terms of redemption of the principal or any installment thereof of any Outstanding Bond or any installment of interest thereon;

(b) A reduction in the principal amount of any Bond, the rate of interest thereon, without the consent of the owner of the Bond;
or

(c) A reduction of the principal amount or percentages or otherwise affecting the description of the Bond the consent of the owners of which is required for any modification or amendment; or

(d) The establishment of priorities as between the Bond issued and Outstanding under the provisions of this Ordinance.

Whenever the County proposes to amend or modify this Ordinance under the provisions hereof, it shall cause notice of the proposed amendment to be mailed within 30 days to the State Treasurer and each registered owner of each registered Bond. The notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the County Clerk for public inspection.

Whenever at any time within one year from the date of such notice there shall be filed in the office of the County Clerk an instrument or instruments executed by the owners of at least 66% in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory instrument described in the notice and shall specifically consent to and approve the adoption of the instrument; thereupon, but not otherwise, the Board may adopt the amendatory instrument and the instrument shall become effective.

If the owners of at least 66% in aggregate principal amount of the Bonds Outstanding, at the time of the adoption of the amendatory instrument, or the predecessors in title of such owners,

shall have consented to and approved the adoption thereof as herein provided, no owner of any Bond, whether or not the owner shall have consented thereto, shall have any right or interest to object to the adoption of the amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin the County from taking any action pursuant to the provisions thereof. Any consent given by the holder of a Bond pursuant to the provisions hereof shall be irrevocable.

The Bond authenticated and delivered after the effective date of any action taken as provided in this Section may bear a notation by endorsement or otherwise in form approved by the County as to the action; and if any Bond so authenticated and delivered shall bear such notation, then upon demand of the owner of any Bond Outstanding at such effective date and upon presentation of his Bond, suitable notation shall be made on the Bond as to any such action. If the County so determines, a new Bond so modified as in the opinion of the County to conform to such action shall be prepared, registered and delivered; and upon demand of the owner of the Bond then Outstanding, shall be exchanged without cost to the owner for the Bond then Outstanding upon surrender of such Bond.

SECTION 60. **Replacement of Registrar or Paying Agent.** If the Registrar or Paying Agent initially appointed hereunder shall resign, or if the Board shall determine to replace said Registrar or Paying Agent, the Board may, upon notice mailed to each owner of any Bond at his address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same person or institution serve as both Registrar and Paying Agent hereunder, but the County shall have the right to have the same person or institution serve as both Registrar and Paying Agent. Any successor by merger with the Registrar and Paying Agent is automatically appointed as Registrar and Paying Agent hereunder without any further action of the Board, as long as the successor otherwise is qualified to act as Registrar and Paying Agent pursuant to this section. Any bank, trust company or national banking association into which the Registrar and/or Paying Agent or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust business shall be the successor of the Registrar and/or Paying Agent under this Ordinance with the

same rights, powers, duties and obligations and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 61. **Delegated Powers**. The officers of the County are hereby authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limitation:

- A. The printing of the Bonds,
- B. The execution of such certificates as may be reasonably required by the State, relating, inter alia,
 - (1) to the signing of the Bond,
 - (2) to the tenure and identity the officials of the County,
 - (3) to the assessed valuation of the taxable property in and the indebtedness of the County,
 - (4) to the rate of taxes levied against the taxable property within the County,
 - (5) the exemption of interest on the Bond from federal income taxation,
 - (6) the delivery of the Bond and the receipt of the Bond purchase price,
 - (7) the completeness and accuracy of any information provided the State in connection with the Bond as of the date of delivery of the Bond, and
 - (8) if it is in accordance with the fact, the absence of litigation, pending or threatened, affecting the validity of the Bond;
- C. The execution and delivery of the Loan Contract, the Escrow Agreement and the Certificate of the Officer, and

D. The assembly and dissemination of financial and other information concerning the County and the Bonds.

SECTION 62. **Implied Repealer**. All resolutions and ordinances, bylaws and orders, or parts thereof, inconsistent herewith are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed to revive any resolution, ordinance, bylaw, order, or part thereof, heretofore repealed.

SECTION 63. **Emergency**. The Board has expressed in the preambles of this Ordinance that it pertains to the sale, issuance and payment of the Bonds, that this Ordinance may accordingly be adopted as if an emergency now exists, and may become effective at any time when an emergency ordinance of the County may go into effect. Consequently, pursuant to NRS 350.579 final action shall be taken immediately, and this Ordinance shall be in effect from and after its publication by title as herein provided.

SECTION 64. **Publication and Effective Date**. After this Ordinance is signed by the Chair and attested and sealed by the Clerk, this Ordinance shall be in effect from and after its publication twice by its title only, together with the names of the Commissioners voting for or against its passage and a statement that typewritten copies of this Ordinance are available for inspection by all interested parties at the office of the County Clerk. Such publication to be made in a newspaper published and having a general circulation in the County at least once a week for a period of two weeks, and such publication to be in substantially the following form:

(Form of Publication)

BILL NO. _____

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING THE ISSUANCE BY WASHOE COUNTY, NEVADA OF ITS GENERAL OBLIGATION (LIMITED TAX) SEWER REFUNDING BOND (ADDITIONALLY SECURED BY PLEDGED REVENUES) SERIES 2015 IN THE MAXIMUM PRINCIPAL AMOUNT OF \$_____ FOR THE PURPOSE OF REFINANCING OUTSTANDING OBLIGATIONS OF THE COUNTY; PROVIDING THE FORM, TERMS AND CONDITIONS THEREOF AND COVENANTS RELATING TO THE PAYMENT OF SAID BOND; AND PROVIDING FOR ITS ADOPTION AS IF AN EMERGENCY EXISTS; AND PROVIDING OTHER MATTERS RELATING THERETO.

PUBLIC NOTICE IS HEREBY GIVEN, that an adequate number of typewritten copies of the above-numbered and entitled Ordinance are available for public inspection and distribution at the office of the County Clerk of Washoe County, at her office in the County Administrative Complex in Reno, Nevada, and that such Ordinance was proposed by Commissioner _____ on July 28, 2015, and was passed and adopted at a regular meeting of the Washoe County Board of County Commissioners on July 28, 2015, by the following vote of the Board of County Commissioners:

Those Voting Aye:

Those Voting Nay:

Those Absent:

This Ordinance shall be in full force and effect from and after 5:00 p.m. on the _____ day of _____, 2015, i.e., the date of the second publication of such Ordinance by title only.

IN WITNESS WHEREOF, the Board of County Commissioners of Washoe County, Nevada, has caused this Ordinance to be published by title only.

DATED this July 28, 2015.

/s/ _____
Chair
Board of County Commissioners
Washoe County, Nevada

(SEAL)

Attest:

/s/ _____
County Clerk

(End of Form of Publication)

SECTION 65. **Severability.** If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

PASSED AND ADOPTED BY AN AFFIRMATIVE VOTE OF AT LEAST TWO-THIRDS OF THE MEMBERS OF THE BOARD OF COUNTY COMMISSIONERS OF WASHOE COUNTY, NEVADA, THIS July 28, 2015.

Proposed on July 28, 2015.

Proposed by Commissioner _____.

Passed July 28, 2015.

Vote:

Ayes:

Nays:

Absent:

Attest:

County Clerk

Chair of the Board

This Ordinance shall be in force and effect from and after 5:00 p.m. on the ____ day of _____, 2015, i.e, the date of the second publication of such Ordinance by its title only.

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

I am the qualified and elected Clerk of Washoe County (the "County"), and in the performance of my duties as Clerk do hereby certify:

1. The foregoing pages are a true, correct and compared copy of an ordinance adopted by Board of County Commissioners (the "Board") of the County at a meeting held on July 28, 2015. The original of the ordinance has been approved and authenticated by the signatures of the Chair of the Board and myself as County Clerk and sealed with the seal of the County, and has been recorded in the minute book of the Board kept for that purpose in my office.

2. Said proceedings were duly had and taken as therein shown. The Commissioners set forth in the ordinance were present at said meeting and voted on the ordinance.

3. All members of the Board were given due and proper notice of such meeting.

4. Public notice of such meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS 241.020. A copy of the notice of meeting and excerpts from the agenda for the meeting relating to the ordinance, as posted by 9:00 a.m. at least 3 working days in advance of the meeting at the County's website, on the official website of the State of Nevada pursuant to NRS 232.2175 and:

- (i) Washoe County Administration Complex
 1001 East Ninth Street, Building A
 Reno, Nevada

- ii) Washoe County Courthouse
 Second Judicial District Court
 75 Court Street
 Reno, Nevada

- (iii) Washoe County Central Library
 301 South Center Street
 Reno, Nevada

- (iv) Sparks Justice Court
 1675 East Prater Way
 Sparks, Nevada

is attached as Exhibit A.

5. Prior to 9:00 a.m. at least 3 working days before such meeting, such notice was mailed to each person, if any, who has requested notices of meetings of the Board in compliance with NRS 241.020(3)(b) by United States Mail, or if feasible and agreed to by the requestor, by electronic mail.

6. A copy of an affidavit evidencing publication of notice of adoption of the ordinance is attached hereto as Exhibit B.

IN WITNESS WHEREOF, I have hereunto set my hand this July 28, 2015.

County Clerk

Exhibit A

(Attach Copy of Notice of Meeting)

EXHIBIT B

(Attach Affidavit of Publication)

1 **CLEAN WATER STATE REVOLVING LOAN FUND**

2 **LOAN CONTRACT**

3 **WASHOE COUNTY**

4 **CONTRACT NO. CW1602**

5
6 This loan contract is made this _____ day of _____, 2015 between the
7 Nevada State Department of Conservation & Natural Resources acting by and through the Nevada
8 Division of Environmental Protection hereafter referred to as the Division, and Washoe County, a
9 governmental subdivision of the State of Nevada hereafter referred to as the Recipient. This
10 contract is to provide funds for refinancing of bonds issued for 6 prior State Revolving Fund (SRF)
11 projects and one outside (of SRF) project. These projects are public work projects as defined by
12 Nevada Revised Statutes (NRS) 338.010, and at the time of construction were subject to the
13 requirements of Chapter 338 of the NRS.
14

15 **WHEREAS:**

- 16
17 1. The Federal Clean Water Act (33 U.S.C. Sub Section 1251 et seq.) and State Law
18 (NRS 445A.060-445A.160) authorize the Division to enter into contracts with
19 municipalities and other public agencies for financial assistance for construction of
20 publicly owned treatment works and pollution control projects; and
21
22 2. The Recipient has made application for a loan related to the refinancing of debt
23 issued for various capital projects associated with Washoe County's sanitary sewer
24 and North Spanish Springs Floodplain Detention Facility utilities, and said Projects
25 have been determined by the Division to be eligible for a loan pursuant to applicable
26 Federal and State laws, rules, regulations and guidance; and
27
28 3. The Division has authorized loan funding for the refinancing of said debt.

1 **NOW, THEREFORE**, It is Agreed as Follows:

2
3 **SECTION 1. DESCRIPTION OF USE OF FUNDS UNDER THIS CONTRACT.**

4 The funds provided under this contract are to be used for refinancing of the Washoe County General
5 Obligation (Limited Tax) Sewer Bonds (Additionally Secured by Pledged Revenues),

6 Internal:

- 7 • Washoe County, Nevada General Obligation (Limited Tax) Sewer Bond (Additionally
8 Secured by Pledged Revenues) **Series 1997** pursuant to Ordinance No. 981 adopted by the
9 Board of County Commissioners of the County (the "Board" or "Governing Body") on April
10 22, 1997 (the "1997 Ordinance");
- 11 • Washoe County, Nevada, General Obligation (Limited Tax) Sewer Bond (STMWRF)
12 (Additionally Secured by Pledged Revenues), **Series 2000A** and Washoe County, Nevada,
13 General Obligation (Limited Tax) Sewer Bond (Horizon Hills) (Additionally Secured by
14 Pledged Revenues), **Series 2000B** pursuant to Ordinance No. 1092 adopted by the Board
15 on May 23, 2000 (the "2000AB Ordinance");
- 16 • Washoe County, Nevada, General Obligation (Limited Tax) Sewer Bond (STMWRF)
17 (Additionally Secured by Pledged Revenues), **Series 2001** pursuant to Ordinance No. 1110
18 adopted by the Board on December 19, 2000 (the "2001 Ordinance");
- 19 • Washoe County, Nevada, General Obligation (Limited Tax) Sewer Bond (Additionally
20 Secured by Pledged Revenues), **Series 2004** pursuant to Ordinance No. 1237 adopted by
21 the Board on May 18, 2004 (the "2004 Ordinance");
- 22 • Washoe County, Nevada, General Obligation (Limited Tax) Sewer Bond (Additionally
23 Secured by Pledged Revenues), **Series 2005A** pursuant to Ordinance No. 1276 adopted by
24 the Board on October 18, 2005 (the "2005 Ordinance"); and

25
26 External:

- 27 • Washoe County, Nevada, General Obligation (Limited Tax) Storm Sewer Bond (Additionally
28 Secured by Pledged Revenues), **Series 2006** pursuant to Ordinance No. 1317 adopted by

1 the Board on October 10, 2006 (the "2006 Ordinance").

2
3 The above listed were used to finance projects qualified for SRF funding. The infrastructure
4 constructed by these projects shall be herein referred to as "Facilities" in this contract.

5
6 **SECTION 2. INCORPORATION OF DOCUMENTS AND GENERAL RECIPIENT COMMIT-**
7 **MENTS.**

8 This contract incorporates the following documents:

- 9 (A) Exhibit A, Loan Contract Standard Conditions;
10 (B) Exhibit B, Certification Regarding Lobbying;
11 (C) Exhibit C, DRAFT Amortization Schedule
12

13 The Recipient accepts and agrees to comply with all terms, provisions, conditions and commitments
14 of this contract, including all incorporated documents, and to fulfill all assurances, declarations,
15 representations and commitments made by the Recipient in its application, accompanying
16 documents and communications filed in support of its request for loan.
17

18 **SECTION 3. MAXIMUM LOAN AMOUNT.**

19 Subject to all of the terms, provisions and conditions of this contract, and subject to the
20 availability of State and Federal funds, the Division will loan a sum not to exceed **eighteen million,**
21 **one hundred thousand dollars (\$18,100,000)** to the recipient.
22

23 **SECTION 4. INTEREST RATE**

24 The interest rate for the Recipient's loan is computed to equal 62.5% of the last published
25 "Bond Buyer 20 General Obligation Bond Index" (BB20 Index). The BB20 Index is a nationally
26 recognized weekly index that is published every Thursday in *The Bond Buyer*, a weekly publication.
27 The BB20 Index is also available to the public from many securities brokers and dealers. The BB20
28 Index as of July 31, 2015 (the last index rate published on the Thursday preceding the execution of
29 this loan contract) was ____%. 62.5% of this rate is ____% (____% X 62.5% = ____%).

1 The annual percentage interest rate for this loan is therefore ____%. Interest on any loan
2 funds disbursed to the Recipient shall accrue from the date each disbursement of such funds is
3 made by the Division to the Recipient.

4
5 **SECTION 5. FEES**

6 The Division will charge a loan origination fee or other such fees as necessary, to defray the
7 costs of administering the loan fund in an amount of .5% of the amount drawn allocable to the
8 refunding of the external loan (not to exceed \$16,327.20).

9
10 **SECTION 6. DISBURSEMENT**

11 Loan funds will be disbursed upon the date of delivery of the Bond to the State Treasurer.
12 Disbursement of loan proceeds will be supported by the bond purchase documents and a signed
13 Loan Draw Request Form. \$14,834,559.55 of the disbursement will be by transfer within the State
14 for payoff of Internal SRF loans (identified in Section 1). The remainder of the disbursement will be
15 to the escrow account which will include an amount to allow for payoff of the External loan (identified
16 in Section 1).

17 Any Federal funds used for funding of this loan will be provided through the Capitalization
18 Grants for Clean Water State Revolving Funds CFDA #66.458.

19
20 **SECTION 7. REPAYMENT OF LOAN**

21 Loan funds shall be repaid in accordance with the provisions of the bond ordinance
22 adopted by the Washoe County Board of Commissioners on July 28, 2015 (the "Ordinance")
23 authorizing the issuance of the General Obligation (Limited Tax) Sewer Bond (Additionally Secured
24 by Pledged Revenues) Series 2015 (hereafter referred to as the "Bond"). Principal and interest
25 payments shall be made semiannually on January 1 and July 1 of each year commencing on
26 January 1, 2016. Payments will be in accordance with the Amortization Schedule, Exhibit C to this
27 contract which will amortize the outstanding principal amount of the loan over 11 years from the date
28 of delivery of the Bond. The loan is not subject to prepayment unless the State consents to such

1 prepayment., or a change in use of the Project occurs which necessitates remedial action under
2 Treasury Reg. 1.141-12 in order to comply with the federal tax covenant in the Ordinance.

3
4 **SECTION 8. DEDICATED SOURCE OF REVENUE**

5 The Recipient shall at all times maintain a dedicated source of revenue sufficient to provide
6 reasonable assurance of repayment of this loan. The dedicated source of revenue shall have
7 received Division approval.

8
9 **SECTION 9. ACCOUNTING STANDARDS**

10 The Recipient will maintain separate Project accounts in accordance with generally accepted
11 government accounting standards including, but not limited to, standards relating to the reporting of
12 infrastructure assets and those contained in the Standards for Audit of Governmental Organizations,
13 Programs, Activities and Functions: promulgated by the U.S. General Accounting Office.

14 The recipient agrees to comply with requirements described in OMB Uniform Administrative
15 Requirements, Cost Principles, and Audit Requirements for Federal Awards which apply to
16 expenditures by a public or non-profit entity of federal monies from all sources in an amount greater
17 than or equal to \$750,000 in a year.

18
19 **SECTION 10. USER CHARGE SYSTEM**

20 The Agency shall adopt and maintain in effect a user charge system, which at all times
21 complies with the requirements of applicable state rules, regulations and guidelines.

22
23 **SECTION 11. OPERATION AND MAINTENANCE**

24 The Recipient agrees to properly staff, operate and maintain all portions of the
25 Facilities during their useful life in accordance with all applicable state laws, rules and regulations.
26 Upon reasonable notice, the Recipient shall make available to the Division the operation and
27 maintenance manuals for the Facilities.

1 **SECTION 12. USEFUL LIFE OF FACILITIES**

2 For purposes of this contract, the parties agree that the remaining useful life of the Facilities
3 is at least eleven (11) years from the date of this contract and the bond.
4

5 **SECTION 13. TERM**

6 This contract shall take effect upon the date of delivery of the Bond to the State Treasurer
7 and the contract shall remain in effect until the final loan repayment is made unless sooner
8 terminated pursuant to the provisions hereof and the provisions of the Resolution. The Division and
9 the Recipient agree that, for the purpose of this section, the term of this contract is for no more than
10 11 years from the date of this contract.
11

12 **IN WITNESS THEREOF**, the parties have executed this contract on the dates set forth below.

13 **RECIPIENT: WASHOE COUNTY**

14 _____ Date: _____

15 Marsha Berkgigler, Chair, Washoe County Board of Commissioners
16

17 **DIVISION OF ENVIRONMENTAL PROTECTION**

18 _____ Date: _____

19 Dave Emme, Administrator

20 Approved as to form only:

21 Adam Paul Laxalt

22 Attorney General

23 _____ Date: _____

24 Katie Armstrong, Deputy Attorney General

EXHIBIT A

LOAN STANDARD CONDITIONS

Condition 1. LOAN ORIGINATION FEE

- (1.1) The Division may charge a loan origination fee in an amount authorized by NAC 445A.770.
- (1.2) The Division shall inform the loan recipient of the amount of the fee, prior to loan closing.
- (1.3) The loan recipient shall remit to the Division the full amount of the fee, within 30 days after the loan closing.

Condition 2. SYSTEM USER CHARGES

The Recipient shall adopt and maintain in effect during the term of this contract a user charge system or other source of revenue, which at all times complies with the requirements of applicable state rules, regulations and guidelines.

The Recipient agrees to administer a system of user charges acceptable to the Division pursuant to NAC 445A.788. The Recipient further agrees to periodically review and modify the system of user charges as necessary to assure its reasonable adequacy to repay the loan, and to cover operating costs and meet other financial obligations of the Recipient. The system of user charges and all modifications thereto shall be consistent with NAC 445A.788 and shall be maintained to the reasonable satisfaction of the Division.

Condition 3. CONTINUOUS USE OF PROJECT

The Recipient agrees that it will not abandon, substantially discontinue use of, or dispose of the Facilities during the useful life of the Facilities without prior written approval of the Division. The recipient further agrees to certify in writing that it owns the Facilities property or in the alternative, will have complete control of the Facilities property for the useful life of the project.

Condition 4. REPORTS

The Recipient agrees to expeditiously provide, during the useful life of the Facilities, such reports, data, and information as may be reasonably required by the Division, including but not limited to material necessary or appropriate for evaluation by the State Revolving Fund Loan Program or to fulfill any reporting requirements of the federal government. At a minimum, such reports reasonably required by the Division shall include the submission of annual financial statements, prepared on a basis utilizing "Generally Accepted Accounting Principles" (GAAP).

Condition 5. LOAN DISBURSEMENT; AVAILABILITY OF FUNDS

Loan funds will be disbursed upon the date of delivery of the Bond to the State Treasurer. Disbursement of loan proceeds will be supported by the bond purchase documents and a signed Loan Draw Request Form.

Condition 6. RECORDS

Without limitation of the requirement to maintain project accounts in accordance with generally accepted government accounting standards, the Recipient agrees to:

- (6.1) Maintain an official file for the project which shall adequately document all significant actions relative to the Facilities;
- (6.2) Maintain accounts which will adequately and accurately depict all amounts received and expended on the Facilities, including all loan funds received under this contract;
- (6.3) Maintain accounts which will adequately depict all income received which is attributable to the project, specifically including any income attributable to loan funds disbursed under this contract.
- (6.4) Maintain an accounting system which will accurately depict final total costs of the Facilities, including both direct and indirect costs.
- (6.5) Maintain such accounts and maintain such records as may be necessary for the Division to fulfill federal reporting requirements, including any and all reporting requirements under federal tax statutes or regulations;
- (6.6) The Recipient agrees to retain its project records for a minimum of three years after final loan repayment has been made, and for such longer period as may be required for the Division to fulfill federal reporting requirements under federal statutes and regulations. All Recipient records relative to the Facilities shall be subject at all reasonable times to inspection, copying and audit by the Division or any authorized representative.

Condition 7. COMPLIANCE WITH OTHER FEDERAL STATUTES AND AUTHORITIES

Recipient confirms it has complied with and required its contractors and subcontractors to comply with all applicable federal, state and local laws, regulations and requirements.

Condition 8. OPERATION AND MAINTENANCE MANUAL

The Recipient agrees to properly staff, operate and maintain all portions of the Facilities during their useful life in accordance with all applicable state laws, rules and regulations. Upon reasonable notice, the Recipient shall make available to the Division the operation and maintenance manuals for the Project.

Condition 9. FINAL PROJECT AUDIT

The Division, at its option, may call for an audit of financial information relative to the Projects or Facilities, where the Division determines that an audit is desirable to assure program integrity

or where such an audit becomes necessary because of federal requirements. Where such an audit is called for, the audit shall be performed by a Certified Public Accountant independent of the Recipient and at the cost of the Recipient. The audit shall be in the form required by the Division.

Condition 10. REPAYMENT; PENALTIES; RECIPIENT OBLIGATIONS

- (10.1) The loan amount, together with all interest accruing thereon, shall be repaid as provided for in Section 7 of the loan contract.
- (10.2) The Recipient agrees to make each loan payment on or before the due date. A ten-day grace period will be allowed. A penalty in the amount of one-tenth of one percent (0.1%) of the defaulted payment will be due for each day of nonpayment beyond the grace period. Any penalties assessed will not be added to the loan balance but will be treated as a separate account and obligation of the Recipient, to be paid in full within 30 days after Recipient is in compliance with payment schedule.
- (10.3) The Recipient as a whole is obligated to make all payments required by this contract to the Division, notwithstanding any individual default by its constituents or others in the payment to the Recipient of taxes, assessments, fees, or other charges levied by the Recipient. The Recipient shall provide for the punctual payment to the Division of all amounts which become due under this contract and which are received from constituents or others in the payment to the Recipient of taxes, assessments, fees, or other charges levied by the Recipient. In the event of failure, neglect or refusal of any officer of the Recipient to levy or cause to be levied any taxes, assessments, fees or charges necessary to provide payment by the Recipient under this contract, to enforce or to collect such taxes, assessments, fees or charges or to pay over to the Division any money collected on the taxes, assessments, fees or charges necessary to satisfy any amount due under this contract, the Division may take such action in a court of competent jurisdiction as it deems necessary to compel the performance of all duties relating to the levying and collection of the taxes, assessments, fees or charges and the payment of the money collected therefrom to the Division.

Action taken pursuant hereto shall not deprive the Division of, or limit the application of, any other remedy provided by law or by this contract.

Condition 11. TERMINATION; IMMEDIATE REPAYMENT; INTEREST

- (11.1) This contract may be terminated by written notice at any time prior to complete repayment by the Recipient, at the option of the Division, upon violation by the Recipient of any material provision of this loan contract after such violation has been called to the attention of the Recipient and after failure of the Recipient to bring itself into compliance with the provisions of this contract within a reasonable time as established by the Division.
- (11.2) In the event of such termination, the Recipient agrees, upon demand, to immediately repay to the Division an amount equal to the current balance due on the loan, including accrued interest, and all penalty assessments due in accordance with the terms of the Ordinance and this contract.

Condition 12. DAMAGES FOR BREACH

In the event that any breach of any of the provisions of this contract by the Recipient shall result in the loss of tax exempt status for any State bonds, or if such breach shall result in an obligation on the part of the State to reimburse the federal government by reason of any arbitrage profits, the Recipient shall immediately reimburse the Division in an amount equal to any damages and penalties paid by or loss incurred by the Division due to such breach.

Condition 13. DISPUTES

Any dispute arising under this contract which is not otherwise disposed of shall be decided by the Administrator of the Division of Environmental Protection. The decision shall be reduced to writing and a copy thereof furnished to the Recipient. The decision of the Administrator shall be final and conclusive unless, within thirty (30) calendar days after mailing of the Administrator's decision to the Recipient, the Recipient mails or otherwise furnished a written appeal of the decision to the Director of the Department of Conservation and Natural Resources. The decision of the Director shall be final and conclusive unless overturned by a court of competent jurisdiction. In connection with any appeal under this clause, the Recipient shall be afforded an opportunity to be heard and to offer evidence in support of its appeal. Pending final decision of a dispute hereunder, the Recipient shall continue to fulfill and comply with all the terms, provisions, commitments, and requirements of this loan contract.

Condition 14. WAIVER

The parties hereto may, from time to time, waive any rights under this contract unless such waiver is contrary to law, provided that any such waiver must be in writing and must be signed by the party making such waiver.

Condition 15. AMENDMENT

This contract may be amended at any time by mutual written agreement of the parties.



EPA Project Control Number

CERTIFICATION REGARDING LOBBYING

CERTIFICATION FOR CONTRACTS, GRANTS, LOANS AND COOPERATIVE AGREEMENTS

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-contracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31 U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Typed Name & Title of Authorized Representative

Signature and Date of Authorized Representative

Exhibit C: Draft Amortization Schedule

| | |
|----------------------------|-----------------|
| Borrower Name | Washoe County |
| First Payment Date | January 1, 2016 |
| Principal Amount | \$17,386,175.72 |
| Interest Rate ¹ | 2.37% |
| Length of Amortization | 11 years |
| Total Number of Payments | 22 |
| Closing Date | August 18, 2015 |

| Payment | Due Date | Principal | Interest | Total Payment | Remaining Balance |
|---------|----------|------------------------|-----------------------|------------------------|-------------------|
| 1 | 1/1/2016 | \$1,062,305.97 | \$152,230.46 | \$1,214,536.43 | \$16,323,869.75 |
| 2 | 7/1/2016 | 1,007,685.36 | 193,437.86 | 1,201,123.22 | 15,316,184.39 |
| 3 | 1/1/2017 | 1,019,777.59 | 181,496.79 | 1,201,274.38 | 14,296,406.80 |
| 4 | 7/1/2017 | 1,150,005.67 | 169,412.42 | 1,319,418.09 | 13,146,401.13 |
| 5 | 1/1/2018 | 1,163,805.60 | 155,784.85 | 1,319,590.45 | 11,982,595.53 |
| 6 | 7/1/2018 | 1,134,732.29 | 141,993.76 | 1,276,726.05 | 10,847,863.24 |
| 7 | 1/1/2019 | 1,148,349.10 | 128,547.18 | 1,276,896.28 | 9,699,514.14 |
| 8 | 7/1/2019 | 1,162,129.27 | 114,939.24 | 1,277,068.51 | 8,537,384.87 |
| 9 | 1/1/2020 | 1,176,074.83 | 101,168.01 | 1,277,242.84 | 7,361,310.04 |
| 10 | 7/1/2020 | 1,152,294.19 | 87,231.52 | 1,239,525.71 | 6,209,015.85 |
| 11 | 1/1/2021 | 1,166,121.74 | 73,576.84 | 1,239,698.58 | 5,042,894.11 |
| 12 | 7/1/2021 | 1,180,115.20 | 59,758.30 | 1,239,873.50 | 3,862,778.91 |
| 13 | 1/1/2022 | 431,170.56 | 45,773.93 | 476,944.49 | 3,431,608.35 |
| 14 | 7/1/2022 | 436,344.60 | 40,664.56 | 477,009.16 | 2,995,263.75 |
| 15 | 1/1/2023 | 441,580.74 | 35,493.88 | 477,074.62 | 2,553,683.01 |
| 16 | 7/1/2023 | 446,879.71 | 30,261.14 | 477,140.85 | 2,106,803.30 |
| 17 | 1/1/2024 | 452,242.27 | 24,965.62 | 477,207.89 | 1,654,561.03 |
| 18 | 7/1/2024 | 353,574.64 | 19,606.55 | 373,181.19 | 1,300,986.39 |
| 19 | 1/1/2025 | 357,817.54 | 15,416.69 | 373,234.23 | 943,168.85 |
| 20 | 7/1/2025 | 362,111.35 | 11,176.55 | 373,287.90 | 581,057.50 |
| 21 | 1/1/2026 | 366,456.69 | 6,885.53 | 373,342.22 | 214,600.81 |
| 22 | 7/1/2026 | 214,600.81 | 2,543.02 | 217,143.83 | (0.00) |
| | | \$17,386,175.72 | \$1,792,364.69 | \$19,178,540.41 | (\$0.00) |

¹Final interest rate specified in Section 4 of the loan contract.



RECEIVED
MAR - 9 2015

Washoe County
COMMUNITY SERVICES DEPARTMENT
Finance & Administration Division ENVIRONMENTAL PROTECTION

March 4, 2015

Daralyn Dobson
Administrative Services Officer III
Office of Financial Assistance
Nevada Division of Environmental Protection
901 S. Stewart Street, Suite 4001
Carson City, NV 89701

RE: Request to refinance existing SRF loans

Dear Ms. Dobson,

Please accept this letter as a formal request from Washoe County to refinance the following SRF loans:

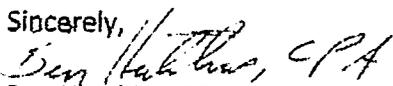
| | <u>Interest Rate</u> | <u>Original Principal</u> | <u>Principal @ 6/30/14</u> |
|------------------------------------|--------------------------|-------------------------------|--------------------------------|
| Lemmon Valley Sewer Series 1997 | 3.3300% | \$1,249,137 | \$325,586 |
| Sewer Series 2000A & 2000B | 3.7000% | 1,077,544 | 419,100 |
| Sewer Series 2001 | 3.1250% | 21,000,000 | 10,404,929 |
| Cold Springs Sewer Series 2004 | 3.2125% | 3,000,000 | 1,837,964 |
| Spanish Springs Sewer Series 2005A | 2.9313% | 6,500,000 | 4,666,779 |

If an opportunity is available to refinance the following non-SRF loan we would also like to request that it be considered for a refinance as part of a defeasance if determined to be financially beneficial (redeemable 1/1/17):

| | <u>Interest Rate</u> | <u>Original Principal</u> | <u>Principal @ 6/30/14</u> |
|-------------------------|--------------------------|-------------------------------|--------------------------------|
| Storm Sewer Series 2006 | 4.2240% | 4,600,000 | 3,210,048 |

The above loans funded various capital projects associated with the County's sanitary sewer and North Spanish Springs Floodplain Detention Facility utilities. The purpose for the refinance request is to be financially responsible with ratepayer funds and to be able to reduce the rate of customer fee increases in the future.

Should you have any questions or require additional information please call me at (775) 954-4646.

Sincerely,

Ben Hutchins, CPA
Director, CSD Finance and Administration Division



NEVADA DEPARTMENT OF
ENVIRONMENTAL
PROTECTION

May 13, 2015

Ms. Lori Chatwood
Deputy Treasurer of Debt Management
Office of State Treasurer, Dan Schwartz
101 North Carson Street, Suite 4
Carson City, Nevada 89701

Dear Ms. Chatwood,

Please accept this letter in lieu of a meeting with Treasurer Schwartz in connection with the Clean Water Revolving Fund Loan Contracts:

- C32-9701 Washoe County- 1997 Lemmon Valley
- C32-9904 Washoe County- 2000A
- C32-9906 Washoe County- 2000B
- C32-0108 Washoe County- 2001
- CS32-0107 Washoe County-2004 Cold Springs
- CS32-0108 Washoe County-2005A Spanish Springs
- Washoe County Storm Sewer Series 2006 GO (limited Tax)

The Clean Water State Revolving Fund's (CWSRF) first priority is to assist Nevada communities by funding infrastructure projects that improve health, prevent ground contamination and manage storm water for years to come. The program is also able to refinance debt originally issued by the entity to reduce the burden interest expense can cause on users of the system. In the case of this request, Washoe County is seeking to refinance existing CWSRF and outside debt.

Under consideration are six (6) SRF bonds listed above and one (1) outside bond issued in 2006. Washoe County is proposing issuing one (1) bond through the CWSRF program to refinance all seven (7) of these bonds. The amortization schedule would be structured to coincide with the original principal maturities of the bonds being refinanced. Attached is a draft version prepared by our office to illustrate the structure. An official amortization schedule will be prepared by their Financial Advisor, Hobbs, Ong and Associates.

The Office of Financial Assistance (OFA) has reviewed their request and agrees with Washoe County's proposal. This refinancing would help users of their Sanitary Sewer System and North Spanish Springs Floodplain Detention Facility (NSSFDF). The Sanitary Sewer System and the NSSFDF are tied to the above mentioned bonds. The useful life of all assets funded by these loans and the purpose to which the proceeds were spent had been reviewed and meet Program requirements.

The Washoe County Sanitary Sewer System serves approximately 23,000 users primarily in Cold Springs, Lemmon Valley, Golden Valley, South Sun Valley, and portions of Verdi and Spanish Springs. The County operates the smallest municipal facility within the region and serves areas where many lower income families reside. The County's five year capital improvement plan includes numerous projects that fund refurbishment of existing infrastructure and growth. Growth projects are planned only if the economy continues to improve. However, the revenue stream from new residents and developers will not be received until after they arrive and the expansion to the system is built, not before. However, we are focused on Washoe County's need to maintain their existing system and feel this refinancing is a very proactive approach to managing existing user fees so they are in a better position to fund future infrastructure projects. Washoe County recognizes that rate increases will be needed, but the refinancing will soften the effect on the more income sensitive users of their system.

Secondly, the NSSFDF is a project originally proposed in 2003 by the Spanish Springs Citizen Advisory Board as a result of a devastating flood in 1986. The County Commissioners just approved a 27% rate increase in their April 24, 2015 meeting for the 6,000 residents that are affected by this facility. When the original rate structure was approved, a portion of developer fees were factored into the operations and debt service of the bonds. Due to the economic collapse, revenues have fallen short. The Commissioners have held off as long as possible in raising rates, again due to the economy. The County is now assessing rates that cover operations and debt service directly by the 6,000 users, but has no reserve funds for future major repairs, rehabilitation and replacement. This refinancing would allow a cushion within their cash flows to begin building a reserve necessary to offset costs associated with rehabilitation and improvements.

Washoe County users to the Sanitary Sewer System and NSSFDF will realize a net present value savings, before bond issuance costs, of \$770,968. Estimating bond costs at \$75,000, which includes a Clean Water service fee for the new bond, gives Washoe County a 3.926% savings. This is in conformity to Washoe County's debt service policy and the State Treasurer's Debt Management Policy for refinancing. Calculations showing the savings are attached to this letter.

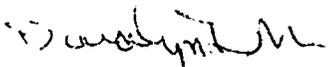
The SRF Program has evaluated these loans to assess our financial impact in the proposal. By refinancing the six current SRF loans, the program would lose interest over 11 years totaling \$514,537.30. However, by incorporating the refinancing of the 2006 bond that was issued outside the Program, the Office will earn over the same time period \$376,606. Therefore, the net change in cash to the Program's income over an 11 year period is \$137,931. A debt service coverage worksheet is attached to this letter showing the Program will maintain a 2.72 times coverage ratio for the Program's leverage bonds and a 13.51 times coverage for the Program's match bonds.

Washoe County has demonstrated to the CWSRF program they are in compliance with all Program requirements. The County maintains its accounting records in accordance with generally accepted accounting principals' for local government and conducts its financial activities in a manner that demonstrates sustainability in their program. Moody's rated Washoe County's GO Bond at an Aa2. Standard and Poor's rates their GO bond as AA and Stable. The County's current debt capacity is \$963,503,000 based upon their FY 14 CAFR.

Based upon this information, our Office believes it is in the best interest of the Program to assist Washoe County residents by refinancing these loans. The impact to Program income is negligible, but the impact to the residents served by these systems is indispensable. Therefore, the CWSRF program respectfully requests consideration from Treasurer Schwartz to agree to this refinancing.

To facilitate closing of this proposed refinancing, the Office grants Washoe County a waiver to their contracts requiring prepayment only on a debt service date and will allow Washoe County to refinance their existing SRF debt upon closing of this new bond.

Regards.



Daralyn Dobson
Administrative Service Officer III
Clean Water State Revolving Fund

cc. Ben Hutchins, CPA, Division Director
Jennifer Stern, Bond Counsel

DD: jbc
Attachments



Washoe County
COMMUNITY SERVICES DEPARTMENT
Finance & Administration Division

May 4, 2015

Daralyn Dobson
Administrative Services Officer III
Office of Financial Assistance
Nevada Division of Environmental Protection
901 S. Stewart Street, Suite 4001
Carson City, NV 89701

RE: Additional refinance information for existing SRF and non-SRF loans

Dear Ms. Dobson,

As a follow-up to my March 4, 2015 letter, we're providing additional information in support of our request to refinance and defease the following debt:

| SRF Debt | Interest Rate | Original Principal | Principal @ 6/30/14 |
|------------------------------------|--------------------------|-------------------------------|--------------------------------|
| Lemmon Valley Sewer Series 1997 | 3.3300% | \$1,249,137 | \$325,586 |
| Sewer Series 2000A & 2000B | 3.7000% | 1,077,544 | 419,100 |
| Sewer Series 2001 | 3.1250% | 21,000,000 | 10,404,929 |
| Cold Springs Sewer Series 2004 | 3.2125% | 3,000,000 | 1,837,964 |
| Spanish Springs Sewer Series 2005A | 2.9313% | 6,500,000 | 4,666,779 |

| Outside Debt (redeemable 1/1/17) | Interest Rate | Original Principal | Principal @ 6/30/14 |
|---|--------------------------|-------------------------------|--------------------------------|
| Storm Sewer Series 2006 | 4.2240% | \$4,600,000 | \$3,210,048 |

As we discussed, our proposal is to refinance all SRF debt, and defease the outside debt, by issuing only one bond. The amortization timelines for all of the above debt would not change; however, the interest rate and aggregate payment (to fund all previous bonds) would be reduced.

This approach would keep costs to a minimum, reduce workload, and provide future accounting efficiencies for both State and County staff.

The above loans funded various capital projects associated with the County's sanitary sewer and North Spanish Springs Floodplain Detention Facility utilities. As mentioned earlier, the overall purpose for the refinance request is to be financially responsible with ratepayer funds and to be able to reduce the rate of customer fee increases in the future. The following information expands on this premise by providing additional detail.

SPANISH SPRINGS FLOODPLAIN DETENTION FACILITY

Businesses and residential dwellings that contribute to or benefit from the County's North Spanish Springs Floodplain Detention Facility (NSSFDF) pay user fees to support debt service, administration and a minimal level of maintenance. Developers are required to pay connection fees; however, due to the recent lack of growth, insufficient funds were collected to be able to accommodate debt service related to the two bonds associated with this facility (Spanish Springs Sewer Series 2005A and Storm Sewer Series 2006). As of June 30, 2014, the aggregate principal balance owed on the bonds was \$7.9 million with interest rates of 2.9313% and 4.2240%.

Since past assumptions when developing user rates for the NSSFDF included developer connection fee revenues to offset the need for user revenues, and growth did not occur as expected, monthly business and residential user rates were increased 27% per equivalent residential unit (ERU) on April 24, 2015 (from \$7.34 per ERU to \$9.31 per ERU). In order to keep customer rates as low as possible, 93% of the revised rates support debt service. The other 7% accommodates administration and a bare minimum level of maintenance. There are no reserves funded for future major repair, rehabilitation and replacement (RR&R) projects.

Due to hardships on businesses and residential customers during the economic collapse, the County delayed increasing user rates as long as possible. As a result, funding for needed maintenance had to be delayed.

During the public process to educate businesses and residents of the need for a 27% increase in their rates, County staff learned that many customers believe developers should pay a larger share of the burden to keep user rates lower. The community was informed that it was important that user rates cover debt service and administration, at a bare minimum, and the County would rely on future growth to be able to fund a more reasonable level of maintenance by using developer connection fees for debt service which would free up user revenues for RR&R projects. Although there seems to be future plans for development in North Spanish Springs, the level of revenue from this source is unknown and cannot be relied upon. With this in mind, and with recent experience, refinancing the Spanish Springs Sewer Series 2005A bond and defeasing the Storm Sewer Series 2006 bond at a lower interest rate (currently 2.1% - 2.2%) would reduce the risk of County businesses and residents having their rates increased further in the future.

SANITARY SEWER UTILITY

Unlike the Spanish Springs Floodplain Detention Facility enterprise fund, the County's sanitary sewer enterprise fund is currently financial stable; however, there are many capital projects scheduled during the next five years that could put upward pressure on user rates.

Projects Funded by Developer Connection Fees

There are \$52.5 million of growth-related projects scheduled in the County's five-year Capital Improvement Program (CIP). The primary three projects in the growth-related CIP include an expansion of the South Truckee Meadows Water Reclamation Facility (STMWRF), construction of a major sewer interceptor in Pleasant Valley, and the construction of a solids management facility at STMWRF (1/3 paid by connection fees) that are projected to cost \$35 million, \$13.2 million, and \$3.3 million, respectively.

Non-restricted, growth-related (connection fee) cash on hand as of June 30, 2014 (audited) is 44% less than costs projected in the CIP to accommodate these projects.

Since treatment plant and interceptor capacity needs to be available prior to development, and developers have the option to defer the payment of connection fees until Certificate of Occupancy, connection fee cash on hand will be materially insufficient to fund these projects and to continue to pay

existing growth-related debt service payments. As such, a sizeable bond will be required to fund a large portion of the \$52.5 million in growth-related projects in the next five years.

Because long-term growth patterns and the related connection fee revenues are unpredictable and unreliable, there's a reasonable risk that County sewer rate payers would have to make debt service payments for growth-related bonds which would likely increase rates. Refinancing the SRF loans would help mitigate this risk by reducing current debt service requirements.

Projects Funded by Customer User Rates

There are a number of sizeable RR&R projects outlined in the CIP that will utilize large sums of cash currently on hand.

Audited unrestricted cash as of June 30, 2014 approximates accumulated depreciation for depreciable fixed assets. Forty one percent of this cash is currently scheduled for use in the CIP for both capital and non-capital related projects which would materially reduce the amount of unrestricted cash on hand and available for other necessary non-growth related RR&R projects.

The County is currently performing condition assessments of sewer infrastructure which will soon identify an unknown number of additional projects that will be funded with the remaining unrestricted cash, and depending on the needs identified, bond funding may also be needed. Refinancing the SRF loans would help mitigate the possibility of rate hikes, or at least reduce the severity of rate adjustments, associated with future RR&R projects.

Regional Perspective & Economic Demographics

The County's sewer and flood/storm utilities are much smaller than comparable utilities operated by the cities of Reno and Sparks, both of which charge all sewer customers a storm and/or flood fee. In contrast, the County invoices 23,000 sewer customers, but only 6,000 flood/storm customers.

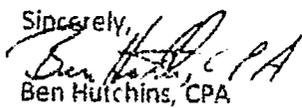
Within the County's various sewer service territories there are many different economic demographics. The County is concerned about increasing rates for service areas where lower income families reside; areas such as Cold Springs, Lemmon Valley, Golden Valley, South Sun Valley and portions of Verdi and Spanish Springs.

Washoe County, who operates the smallest regional municipal utility, is fulfilling its fiduciary responsibility to act in the best interest of ratepayers by taking a proactive role to secure more favorable bond interest rates. A successful refinancing of current debt could reduce the severity of future rate increases which would especially lessen the burden for low and fixed income households.

Conclusion

Not only would refinancing the existing utility debt be the financially responsible thing to do as a normal course of action, it would also reduce the size of rate increases in the future by reducing revenue requirements. Refinancing the debt would also help mitigate the risk of sewer customers having to pay debt service associated with growth projects and reduce the risk of rate increases associated with RR&R projects identified during the infrastructure condition assessment process.

Should you have any questions or require additional information please call me at (775) 954-4646.

Sincerely,

Ben Hutchins, CPA

Director, CSD Finance and Administration Division



NEVADA DIVISION OF
**ENVIRONMENTAL
PROTECTION**

STATE OF NEVADA
Department of Conservation & Natural Resources
Brint Sandwell, Governor
Leo M. Dizdoff, P.E., Director
Cristen Cripps, Ph.D., Administrative

June 8, 2015

Ms. Lori Chatwood
Deputy Treasurer of Debt Management
Office of State Treasurer, Dan Schwartz
101 North Carson Street, Suite 4
Carson City, Nevada 89701

Dear Ms. Chatwood,

Please accept this addendum letter to the letter sent to you dated May 13, 2015 regarding Clean Water loan refinancing for Washoe County.

The County is seeking a subordinate lien position to any publically offered debt for the single bond being issued to refinance six (6) SRF loans and one (1) outside bond issued in 2006. They are requesting this to preserve their senior lien positions for other publically offered debt in order to keep their borrowing costs low.

The Program has evaluated their request and agrees with Washoe County. The bond will remain a general obligation bond additionally secured with pledged revenues of their sewer fund on parity with all Washoe County general obligation bonds and only subordinate to other publically offered debt. In addition, Washoe County provided proof of their need for such a position due to future planned capital improvement projects, to which the Program felt was justifiable.

Regards,

Daralyn Dobson
Administrative Service Officer III
Clean Water State Revolving Fund

cc: Ben Hutchins, CPA, Division Director
Kendra S. Follett, Bond Counsel

DD: jbc
Attachments

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

VIA EMAIL

To: Daralyn Dobson
From: Lori Chatwood, Deputy Treasurer of Debt Management
Subject: Consent of State Treasurer, as custodian of the State Revolving Fund (SRF), which is the registered owner of the bonds, to refinance the Washoe County outstanding Clean Water State Revolving Fund (CWSRF) Loans, 1997 C32-9701; 2000A C32-9904; 2000B C32-9906; 2001 C32-0108; 2004 CS32-0107; 2005A CS32-0208; and outside debt from their Washoe County Storm Sewer Series 2006 GO (Limited Tax) bonds.
Date: June 10, 2015

Dear Ms. Dobson:

This memo is provided to you in response to your request for the State Treasurer, as custodian of the SRF, to consent to the refinancing of the outstanding Washoe County General Obligation (Limited Tax) Sewer Bonds associated with their Clean Water State Revolving Fund (CWSRF) loans referenced above as well as their Washoe County Storm Sewer Series 2006 GO (Limited Tax) bonds not owned by the State.

Based on the information provided by Washoe County, Bond Counsel, their Financial Advisor, and the Nevada Division of Environmental Protection, the State Treasurer's Office consents, for good cause shown, to:

- Refinancing of both the currently held Washoe County CWSRF bonds and the Washoe County Storm Sewer Series 2006 GO (Limited Tax) bonds.
- Waiving of the proposed 2015 CWSRF Washoe County General Obligation (Limited Tax) Sewer Bond's first lien with the understanding the bond will be on parity with all Washoe County's applicable general obligation (limited tax) sewer bonds (additionally secured by pledged revenues) and only subordinate to any publically offered general obligation (limited tax) sewer bonds (additionally secured by pledged revenues) which would be issued in the future.
- Waiving the requirement for Washoe County to prepay its CWSRF debt only on a debt service date (January 1 or July 1).

Should you have any questions or need additional information from our office, please contact me at 775.684.5797 or lkchatwood@nevadatreasurer.gov.

Respectfully,

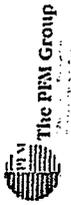
Handwritten signature of Lori K. Chatwood in cursive.

Lori K. Chatwood, Deputy Treasurer of Debt Management

CARSON CITY OFFICE
101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS
Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

LAS VEGAS OFFICE
555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax



SOURCES AND USES OF FUNDS

Washoe County, NV
2015 SRF Refunding

| Sources: | Refunding of 1997 SRF Loan | Refunding of 2000A SRF Loan | Refunding of 2000B SRF Loan | Refunding of 2001 SRF Loan | Refunding of 2004 SRF Loan | Refunding of 2005A SRF Loan |
|--|-------------------------------|--------------------------------|--------------------------------|-------------------------------|-------------------------------|--------------------------------|
| Bond Proceeds: | | | | | | |
| Par Amount | 208,503.91 | 269,236.83 | 53,562.84 | 8,512,891.10 | 1,598,186.92 | 4,192,175.95 |
| Other Sources of Funds: | | | | | | |
| Contribution for Accrued Interest/Escrow | 906.81 | 1,300.57 | 258.74 | 34,731.41 | 6,702.95 | 16,043.35 |
| Contribution for COI | 761.53 | 983.35 | 195.63 | 31,091.87 | 5,837.10 | 15,311.19 |
| | 1,668.34 | 2,283.92 | 454.37 | 65,823.28 | 12,540.05 | 31,354.54 |
| | 210,172.25 | 271,522.75 | 54,017.21 | 8,578,714.38 | 1,610,726.97 | 4,223,530.49 |
| Uses: | | | | | | |
| Outstanding Debt Conversions / Redemptions: | | | | | | |
| Par + Accrued Interest | 209,410.72 | 270,539.40 | 53,821.58 | 8,547,622.51 | 1,604,889.87 | 4,208,219.30 |
| Securities for 2006 Escrow | 209,410.72 | 270,539.40 | 53,821.58 | 8,547,622.51 | 1,604,889.87 | 4,208,219.30 |
| Delivery Date Expenses: | | | | | | |
| Cost of Issuance | 761.53 | 983.35 | 195.63 | 31,091.87 | 5,837.10 | 15,311.19 |
| | 210,172.25 | 271,522.75 | 54,017.21 | 8,578,714.38 | 1,610,726.97 | 4,223,530.49 |

SOURCES AND USES OF FUNDS

Washoe County, NV
2015 SRF Refunding

| Sources: | Refunding of 2006 Storm Sewer Bonds | Total |
|--|---|---------------|
| Bond Proceeds: | | |
| Par Amount | 2,551,616.17 | 17,386,175.72 |
| Other Sources of Funds: | | |
| Contribution for Accrued Interest/Escrow | 146,256.15 | 206,199.98 |
| Contribution for COI | 30,627.41 | 84,808.08 |
| | 176,883.56 | 291,008.06 |
| | 2,728,499.73 | 17,677,183.78 |

| Uses: | Refunding of 2006 Storm Sewer Bonds | Total |
|--|---|---------------|
| Outstanding Debt Conversions / Redemptions: | | |
| Par + Accrued Interest | 0.32 | 14,894,503.70 |
| Securities for 2006 Escrow | 2,697,872.00 | 2,697,872.00 |
| | 2,697,872.32 | 17,592,375.70 |
| Delivery Date Expenses: | | |
| Cost of issuance | 30,627.41 | 84,808.08 |
| | 2,728,499.73 | 17,677,183.78 |

COST OF ISSUANCE

Washoe County, NV
2015 SRF Refunding

| | Refunding of 1997 SRF Loan | Refunding of 2000A SRF Loan | Refunding of 2000B SRF Loan | Refunding of 2001 SRF Loan | Refunding of 2004 SRF Loan |
|--------------------------------------|-------------------------------|--------------------------------|--------------------------------|-------------------------------|-------------------------------|
| Bond Counsel | 629.61 | 813.00 | 161.74 | 25,705.87 | 4,825.95 |
| Financial Advisor(s) | 119.93 | 154.86 | 30.81 | 4,896.36 | 919.23 |
| Other Costs | 11.99 | 15.49 | 3.08 | 489.64 | 91.92 |
| Registrar & Paying Agent/Escrow Bank | | | | | |
| Verification Agent (for escrow) | | | | | |
| Bidding Agent (for escrow) | | | | | |
| SRF Fee | | | | | |
| | 761.53 | 983.35 | 195.63 | 31,091.87 | 5,837.10 |

COST OF ISSUANCE

Washoe County, NV
2015 SRF Refunding

| Refunding of 2005A SRF Loan | Refunding of 2006 Storm Sewer Bonds | Total |
|--------------------------------|---|------------------|
| 12,658.86 | 7,704.97 | 52,500.00 |
| 2,411.21 | 1,467.60 | 10,000.00 |
| 241.12 | 146.76 | 1,000.00 |
| | 1,550.00 | 1,550.00 |
| | 2,000.00 | 2,000.00 |
| | 5,000.00 | 5,000.00 |
| | 12,758.08 | 12,758.08 |
| 15,311.19 | 30,627.41 | 84,808.08 |

BOND SUMMARY STATISTICS

Washoe County, NV
2015 SRF Refunding

| | |
|---------------------------------|---------------|
| Dated Date | 08/18/2015 |
| Delivery Date | 08/18/2015 |
| Last Maturity | 07/01/2026 |
| Arbitrage Yield | 2.400340% |
| True Interest Cost (TIC) | 2.400340% |
| Net Interest Cost (NIC) | 2.400000% |
| All-In TIC | 2.521896% |
| Average Coupon | 2.400000% |
| Average Life (years) | 4.350 |
| Duration of Issue (years) | 4.076 |
| Par Amount | 17,386,175.72 |
| Bond Proceeds | 17,386,175.72 |
| Total Interest | 1,815,052.84 |
| Net Interest | 1,815,052.84 |
| Total Debt Service | 19,201,228.56 |
| Maximum Annual Debt Service | 2,643,124.95 |
| Average Annual Debt Service | 1,766,532.66 |
| Underwriter's Fees (per \$1000) | |
| Average Takedown | |
| Other Fee | |
| Total Underwriter's Discount | |
| Bid Price | 100.000000 |

| Bond Component | Par Value | Price | Average Coupon | Average Life | PV of 1 bp change |
|----------------|---------------|---------|----------------|--------------|-------------------|
| Bond Component | 17,386,175.72 | 100.000 | 2.400% | 4.350 | 6,977.07 |
| | 17,386,175.72 | | | 4.350 | 6,977.07 |

| | TIC | All-In TIC | Arbitrage Yield |
|----------------------------|---------------|---------------|-----------------|
| Par Value | 17,386,175.72 | 17,386,175.72 | 17,386,175.72 |
| + Accrued Interest | | | |
| + Premium (Discount) | | | |
| - Underwriter's Discount | | | |
| - Cost of Issuance Expense | | -84,808.08 | |
| - Other Amounts | | | |
| Target Value | 17,386,175.72 | 17,301,367.64 | 17,386,175.72 |
| Target Date | 08/18/2015 | 08/18/2015 | 08/18/2015 |
| Yield | 2.400340% | 2.521896% | 2.400340% |



SUMMARY OF REFUNDING RESULTS

Washoe County, NV
2015 SRF Refunding

| | Refunding of 1997 SRF Loan | Refunding of 2000A SRF Loan | Refunding of 2000B SRF Loan | Refunding of 2001 SRF Loan | Refunding of 2004 SRF Loan | Refunding of 2005A SRF Loan |
|---------------------------------------|-------------------------------|--------------------------------|--------------------------------|-------------------------------|-------------------------------|--------------------------------|
| Dated Date | 08/18/2015 | 08/18/2015 | 08/18/2015 | 08/18/2015 | 08/18/2015 | 08/18/2015 |
| Delivery Date | 08/18/2015 | 08/18/2015 | 08/18/2015 | 08/18/2015 | 08/18/2015 | 08/18/2015 |
| Arbitrage Yield | 2.400340% | 2.400340% | 2.400340% | 2.400340% | 2.400340% | 2.400340% |
| Escrow Yield | | | | | | |
| Value of Negative Arbitrage | | | | | | |
| Bond Par Amount | 208,503.91 | 269,238.83 | 53,562.84 | 8,512,891.10 | 1,598,186.92 | 4,192,175.95 |
| True Interest Cost | 2.401022% | 2.400597% | 2.400588% | 2.400455% | 2.400328% | 2.400258% |
| Net Interest Cost | 2.400000% | 2.400001% | 2.399992% | 2.400000% | 2.400000% | 2.400000% |
| Average Coupon | 2.400000% | 2.400001% | 2.399992% | 2.400000% | 2.400000% | 2.400000% |
| Average Life | 1.377 | 2.401 | 2.401 | 3.180 | 4.497 | 5.840 |
| Par amount of refunded bonds | 208,503.91 | 269,238.83 | 53,562.84 | 8,512,891.10 | 1,598,186.92 | 4,192,175.95 |
| Average coupon of refunded bonds | 3.331250% | 3.700000% | 3.700000% | 3.125000% | 3.212500% | 2.931300% |
| Average life of refunded bonds | 1.386 | 2.431 | 2.431 | 3.212 | 4.560 | 5.912 |
| PV of prior debt | 212,025.97 | 278,682.18 | 55,441.54 | 8,735,047.45 | 1,659,785.94 | 4,327,843.93 |
| Net PV Savings | 1,851.82 | 7,157.84 | 1,424.02 | 156,303.60 | 49,059.78 | 104,331.76 |
| Percentage savings of refunded bonds | 0.888146% | 2.658547% | 2.658597% | 1.836081% | 3.069715% | 2.488726% |
| Percentage savings of refunding bonds | 0.888146% | 2.658547% | 2.658597% | 1.836081% | 3.069715% | 2.488726% |

SUMMARY OF REFUNDING RESULTS

Washoe County, NV
2015 SRF Refunding

| | Refunding of 2006 Storm Sewer Bonds | Total |
|---------------------------------------|---|---------------|
| Dated Date | 08/18/2015 | 08/18/2015 |
| Delivery Date | 08/18/2015 | 08/18/2015 |
| Arbitrage Yield | 2.400340% | 2.400340% |
| Escrow Yield | 0.425316% | 0.425316% |
| Value of Negative Arbitrage | 69,941.03 | 69,941.03 |
| Bond Par Amount | 2,551,616.17 | 17,386,175.72 |
| True Interest Cost | 2.400242% | 2.400340% |
| Net Interest Cost | 2.400000% | 2.400000% |
| Average Coupon | 2.400000% | 2.400000% |
| Average Life | 6.202 | 4.350 |
| Par amount of refunded bonds | 2,551,616.17 | 17,386,175.72 |
| Average coupon of refunded bonds | 4.223594% | 3.311007% |
| Average life of refunded bonds | 6.400 | 4.418 |
| PV of prior debt | 2,836,931.18 | 18,105,758.19 |
| Net PV Savings | 108,445.59 | 428,574.41 |
| Percentage savings of refunded bonds | 4.250075% | 2.465030% |
| Percentage savings of refunding bonds | 4.250075% | 2.465030% |

SUMMARY OF BONDS REFUNDED

Washoe County, NV
2015 SRF Refunding

| Bond | Maturity Date | Interest Rate | Par Amount | Call Date | Call Price |
|---|---------------|---------------|---------------------|------------|------------|
| 1997 Lemmon Valley Sewer, 1997SRF: | | | | | |
| SERIAL | 01/01/2016 | 3.331% | 40,334.60 | 08/18/2015 | 100.000 |
| | 07/01/2016 | 3.331% | 41,006.42 | 08/18/2015 | 100.000 |
| | 01/01/2017 | 3.331% | 41,689.43 | 08/18/2015 | 100.000 |
| | 07/01/2017 | 3.331% | 42,383.82 | 08/18/2015 | 100.000 |
| | 01/01/2018 | 3.331% | 43,089.64 | 08/18/2015 | 100.000 |
| | | | <u>208,503.91</u> | | |
| 2000A South Truckee Meadows Sewer, 2000ASRF: | | | | | |
| SERIAL | 01/01/2016 | 3.700% | 27,769.29 | 08/18/2015 | 100.000 |
| | 07/01/2016 | 3.700% | 28,283.02 | 08/18/2015 | 100.000 |
| | 01/01/2017 | 3.700% | 28,806.25 | 08/18/2015 | 100.000 |
| | 07/01/2017 | 3.700% | 29,339.17 | 08/18/2015 | 100.000 |
| | 01/01/2018 | 3.700% | 29,881.95 | 08/18/2015 | 100.000 |
| | 07/01/2018 | 3.700% | 30,434.76 | 08/18/2015 | 100.000 |
| | 01/01/2019 | 3.700% | 30,997.80 | 08/18/2015 | 100.000 |
| | 07/01/2019 | 3.700% | 31,571.26 | 08/18/2015 | 100.000 |
| | 01/01/2020 | 3.700% | 32,155.33 | 08/18/2015 | 100.000 |
| | | | <u>269,238.83</u> | | |
| 2000B Horizon Hills Sewer, 2000BSRF: | | | | | |
| SERIAL | 01/01/2016 | 3.700% | 5,524.47 | 08/18/2015 | 100.000 |
| | 07/01/2016 | 3.700% | 5,626.67 | 08/18/2015 | 100.000 |
| | 01/01/2017 | 3.700% | 5,730.77 | 08/18/2015 | 100.000 |
| | 07/01/2017 | 3.700% | 5,836.78 | 08/18/2015 | 100.000 |
| | 01/01/2018 | 3.700% | 5,944.77 | 08/18/2015 | 100.000 |
| | 07/01/2018 | 3.700% | 6,054.74 | 08/18/2015 | 100.000 |
| | 01/01/2019 | 3.700% | 6,166.76 | 08/18/2015 | 100.000 |
| | 07/01/2019 | 3.700% | 6,280.84 | 08/18/2015 | 100.000 |
| | 01/01/2020 | 3.700% | 6,397.04 | 08/18/2015 | 100.000 |
| | | | <u>53,562.84</u> | | |
| 2001 STMWRF Sewer, 2001SRF: | | | | | |
| SERIAL | 01/01/2016 | 3.125% | 650,489.64 | 08/18/2015 | 100.000 |
| | 07/01/2016 | 3.125% | 660,653.54 | 08/18/2015 | 100.000 |
| | 01/01/2017 | 3.125% | 670,976.25 | 08/18/2015 | 100.000 |
| | 07/01/2017 | 3.125% | 681,460.26 | 08/18/2015 | 100.000 |
| | 01/01/2018 | 3.125% | 692,108.07 | 08/18/2015 | 100.000 |
| | 07/01/2018 | 3.125% | 702,922.26 | 08/18/2015 | 100.000 |
| | 01/01/2019 | 3.125% | 713,905.42 | 08/18/2015 | 100.000 |
| | 07/01/2019 | 3.125% | 725,060.19 | 08/18/2015 | 100.000 |
| | 01/01/2020 | 3.125% | 736,389.26 | 08/18/2015 | 100.000 |
| | 07/01/2020 | 3.125% | 747,895.34 | 08/18/2015 | 100.000 |
| | 01/01/2021 | 3.125% | 759,581.21 | 08/18/2015 | 100.000 |
| | 07/01/2021 | 3.125% | 771,449.66 | 08/18/2015 | 100.000 |
| | | | <u>8,512,891.10</u> | | |
| 2004 Cold Springs Sewer, 2004SRF: | | | | | |
| SERIAL | 01/01/2016 | 3.213% | 82,507.37 | 08/18/2015 | 100.000 |
| | 07/01/2016 | 3.213% | 83,832.65 | 08/18/2015 | 100.000 |
| | 01/01/2017 | 3.213% | 85,179.21 | 08/18/2015 | 100.000 |
| | 07/01/2017 | 3.213% | 86,547.40 | 08/18/2015 | 100.000 |
| | 01/01/2018 | 3.213% | 87,937.57 | 08/18/2015 | 100.000 |
| | 07/01/2018 | 3.213% | 89,350.07 | 08/18/2015 | 100.000 |
| | 01/01/2019 | 3.213% | 90,785.25 | 08/18/2015 | 100.000 |
| | 07/01/2019 | 3.213% | 92,243.49 | 08/18/2015 | 100.000 |
| | 01/01/2020 | 3.213% | 93,725.15 | 08/18/2015 | 100.000 |
| | 07/01/2020 | 3.213% | 95,230.61 | 08/18/2015 | 100.000 |
| | 01/01/2021 | 3.213% | 96,760.25 | 08/18/2015 | 100.000 |
| | 07/01/2021 | 3.213% | 98,314.47 | 08/18/2015 | 100.000 |
| | 01/01/2022 | 3.213% | 99,893.64 | 08/18/2015 | 100.000 |
| | 07/01/2022 | 3.213% | 101,498.18 | 08/18/2015 | 100.000 |
| | 01/01/2023 | 3.213% | 103,128.50 | 08/18/2015 | 100.000 |
| | 07/01/2023 | 3.213% | 104,785.00 | 08/18/2015 | 100.000 |

SUMMARY OF BONDS REFUNDED

Washoe County, NV
2015 SRF Refunding

| Bond | Maturity Date | Interest Rate | Par Amount | Call Date | Call Price |
|--|---------------|---------------|----------------------|------------|------------|
| 2004 Cold Springs Sewer, 2004SRF: | | | | | |
| SERIAL | 01/01/2024 | 3.213% | 106,468.11 | 08/18/2015 | 100.000 |
| | | | <u>1,598,186.92</u> | | |
| 2005A Spanish Springs, 2005ASRF: | | | | | |
| SERIAL | 01/01/2016 | 2.931% | 162,861.38 | 08/18/2015 | 100.000 |
| | 07/01/2016 | 2.931% | 165,248.36 | 08/18/2015 | 100.000 |
| | 01/01/2017 | 2.931% | 167,670.32 | 08/18/2015 | 100.000 |
| | 07/01/2017 | 2.931% | 170,127.78 | 08/18/2015 | 100.000 |
| | 01/01/2018 | 2.931% | 172,621.26 | 08/18/2015 | 100.000 |
| | 07/01/2018 | 2.931% | 175,151.28 | 08/18/2015 | 100.000 |
| | 01/01/2019 | 2.931% | 177,718.39 | 08/18/2015 | 100.000 |
| | 07/01/2019 | 2.931% | 180,323.12 | 08/18/2015 | 100.000 |
| | 01/01/2020 | 2.931% | 182,966.02 | 08/18/2015 | 100.000 |
| | 07/01/2020 | 2.931% | 185,647.66 | 08/18/2015 | 100.000 |
| | 01/01/2021 | 2.931% | 188,368.61 | 08/18/2015 | 100.000 |
| | 07/01/2021 | 2.931% | 191,129.43 | 08/18/2015 | 100.000 |
| | 01/01/2022 | 2.931% | 193,930.72 | 08/18/2015 | 100.000 |
| | 07/01/2022 | 2.931% | 196,773.07 | 08/18/2015 | 100.000 |
| | 01/01/2023 | 2.931% | 199,657.07 | 08/18/2015 | 100.000 |
| | 07/01/2023 | 2.931% | 202,583.35 | 08/18/2015 | 100.000 |
| | 01/01/2024 | 2.931% | 205,552.51 | 08/18/2015 | 100.000 |
| | 07/01/2024 | 2.931% | 208,565.19 | 08/18/2015 | 100.000 |
| | 01/01/2025 | 2.931% | 211,622.03 | 08/18/2015 | 100.000 |
| | 07/01/2025 | 2.931% | 214,723.66 | 08/18/2015 | 100.000 |
| | 01/01/2026 | 2.931% | 217,870.76 | 08/18/2015 | 100.000 |
| | 07/01/2026 | 2.931% | 221,063.98 | 08/18/2015 | 100.000 |
| | | | <u>4,192,175.95</u> | | |
| 2006 Storm Sewer (Subordinate), 2006_SEW: | | | | | |
| SERIAL | 07/01/2017 | 4.224% | 117,990.74 | 01/01/2017 | 100.000 |
| | 01/01/2018 | 4.224% | 120,482.46 | 01/01/2017 | 100.000 |
| | 07/01/2018 | 4.224% | 123,026.80 | 01/01/2017 | 100.000 |
| | 01/01/2019 | 4.224% | 125,624.88 | 01/01/2017 | 100.000 |
| | 07/01/2019 | 4.224% | 128,277.82 | 01/01/2017 | 100.000 |
| | 01/01/2020 | 4.224% | 130,986.80 | 01/01/2017 | 100.000 |
| | 07/01/2020 | 4.224% | 133,752.97 | 01/01/2017 | 100.000 |
| | 01/01/2021 | 4.224% | 136,577.56 | 01/01/2017 | 100.000 |
| | 07/01/2021 | 4.224% | 139,461.80 | 01/01/2017 | 100.000 |
| | 01/01/2022 | 4.224% | 142,406.95 | 01/01/2017 | 100.000 |
| | 07/01/2022 | 4.224% | 145,414.29 | 01/01/2017 | 100.000 |
| | 01/01/2023 | 4.224% | 148,485.15 | 01/01/2017 | 100.000 |
| | 07/01/2023 | 4.224% | 151,620.85 | 01/01/2017 | 100.000 |
| | 01/01/2024 | 4.224% | 154,822.78 | 01/01/2017 | 100.000 |
| | 07/01/2024 | 4.224% | 158,092.32 | 01/01/2017 | 100.000 |
| | 01/01/2025 | 4.224% | 161,430.91 | 01/01/2017 | 100.000 |
| | 07/01/2025 | 4.224% | 164,840.00 | 01/01/2017 | 100.000 |
| | 01/01/2026 | 4.224% | 168,321.09 | 01/01/2017 | 100.000 |
| | | | <u>2,551,616.17</u> | | |
| | | | <u>17,386,175.72</u> | | |

SAVINGS

Washoe County, NV
2015 SRF Refunding

| Date | Prior Debt Service | Refunding Debt Service | Savings | Annual Savings | Present Value to 08/18/2015 @ 2.4003401% |
|------------|--------------------|------------------------|------------|----------------|--|
| 01/01/2016 | 1,252,943.85 | 1,216,463.39 | 36,480.46 | 36,480.46 | 36,160.29 |
| 07/01/2016 | 1,252,943.85 | 1,203,571.80 | 49,372.05 | | 48,358.36 |
| 01/01/2017 | 1,252,943.85 | 1,203,571.80 | 49,372.05 | 98,744.10 | 47,784.86 |
| 07/01/2017 | 1,370,934.59 | 1,321,562.54 | 49,372.05 | | 47,218.16 |
| 01/01/2018 | 1,370,934.46 | 1,321,562.41 | 49,372.05 | 98,744.10 | 46,658.18 |
| 07/01/2018 | 1,327,127.08 | 1,278,523.44 | 48,603.64 | | 45,387.29 |
| 01/01/2019 | 1,327,127.10 | 1,278,523.46 | 48,603.64 | 97,207.28 | 44,849.02 |
| 07/01/2019 | 1,327,127.09 | 1,278,523.43 | 48,603.66 | | 44,317.16 |
| 01/01/2020 | 1,327,127.10 | 1,278,523.46 | 48,603.64 | 97,207.30 | 43,791.57 |
| 07/01/2020 | 1,287,861.50 | 1,240,629.91 | 47,231.59 | | 42,050.68 |
| 01/01/2021 | 1,287,861.52 | 1,240,629.93 | 47,231.59 | 94,463.18 | 41,551.99 |
| 07/01/2021 | 1,287,861.51 | 1,240,629.93 | 47,231.58 | | 41,059.20 |
| 01/01/2022 | 504,357.95 | 477,523.92 | 26,834.03 | 74,065.61 | 23,050.62 |
| 07/01/2022 | 504,357.94 | 477,523.90 | 26,834.04 | | 22,777.26 |
| 01/01/2023 | 504,357.95 | 477,523.91 | 26,834.04 | 53,668.08 | 22,507.14 |
| 07/01/2023 | 504,357.95 | 477,523.90 | 26,834.05 | | 22,240.23 |
| 01/01/2024 | 504,357.95 | 477,523.91 | 26,834.04 | 53,668.09 | 21,976.46 |
| 07/01/2024 | 396,179.70 | 373,429.37 | 22,750.33 | | 18,411.04 |
| 01/01/2025 | 396,179.70 | 373,429.38 | 22,750.32 | 45,500.65 | 18,192.68 |
| 07/01/2025 | 396,179.69 | 373,429.37 | 22,750.32 | | 17,976.93 |
| 01/01/2026 | 396,179.70 | 373,429.38 | 22,750.32 | 45,500.64 | 17,763.74 |
| 07/01/2026 | 224,304.00 | 217,176.02 | 7,127.98 | | 5,499.61 |
| 01/01/2027 | | | | 7,127.98 | |
| | 20,003,606.03 | 19,201,228.56 | 802,377.47 | 802,377.47 | 719,582.47 |

Savings Summary

| | |
|------------------------------|------------|
| PV of savings from cash flow | 719,582.47 |
| Less: Prior funds on hand | 291,008.06 |
| Net PV Savings | 428,574.41 |

SAVINGS

Washoe County, NV
Refunding of 1997 SRF Loan

| Date | Prior Debt Service | Refunding Debt Service | Savings | Annual Savings | Present Value to 08/18/2015 @ 2.4003401% |
|------------|--------------------|------------------------|----------|----------------|--|
| 01/01/2016 | 43,807.49 | 43,239.72 | 567.77 | 567.77 | 562.79 |
| 07/01/2016 | 43,807.49 | 43,039.09 | 768.40 | | 752.62 |
| 01/01/2017 | 43,807.49 | 43,039.09 | 768.40 | 1,536.80 | 743.70 |
| 07/01/2017 | 43,807.49 | 43,039.09 | 768.40 | | 734.88 |
| 01/01/2018 | 43,807.35 | 43,038.94 | 768.41 | 1,536.81 | 726.17 |
| | 219,037.31 | 215,395.93 | 3,641.38 | 3,641.38 | 3,520.16 |

Savings Summary

| | |
|------------------------------|----------|
| PV of savings from cash flow | 3,520.16 |
| Less: Prior funds on hand | 1,668.34 |
| Net PV Savings | 1,851.82 |

SAVINGS

Washoe County, NV
Refunding of 2000A SRF Loan

| Date | Prior Debt Service | Refunding Debt Service | Savings | Annual Savings | Present Value to 08/18/2015 @ 2.4003401% |
|------------|--------------------|------------------------|-----------|----------------|--|
| 01/01/2016 | 32,750.21 | 31,904.63 | 845.58 | 845.58 | 838.16 |
| 07/01/2016 | 32,750.21 | 31,605.83 | 1,144.38 | | 1,120.88 |
| 01/01/2017 | 32,750.20 | 31,605.82 | 1,144.38 | 2,288.76 | 1,107.59 |
| 07/01/2017 | 32,750.20 | 31,605.81 | 1,144.39 | | 1,094.47 |
| 01/01/2018 | 32,750.21 | 31,605.83 | 1,144.38 | 2,288.77 | 1,081.48 |
| 07/01/2018 | 32,750.20 | 31,605.82 | 1,144.38 | | 1,068.65 |
| 01/01/2019 | 32,750.20 | 31,605.81 | 1,144.39 | 2,288.77 | 1,055.99 |
| 07/01/2019 | 32,750.20 | 31,605.81 | 1,144.39 | | 1,043.46 |
| 01/01/2020 | 32,750.20 | 31,605.81 | 1,144.39 | 2,288.78 | 1,031.09 |
| | 294,751.83 | 284,751.17 | 10,000.66 | 10,000.66 | 9,441.76 |

Savings Summary

| | |
|------------------------------|-----------|
| PV of savings from cash flow | 9,441.76 |
| Less: Prior funds on hand | -2,283.92 |
| Net PV Savings | 7,157.84 |

SAVINGS

Washoe County, NV
Refunding of 2000B SRF Loan

| Date | Prior Debt Service | Refunding Debt Service | Savings | Annual Savings | Present Value to 08/18/2015 @ 2.4003401% |
|------------|--------------------|------------------------|----------|----------------|--|
| 01/01/2016 | 6,515.38 | 6,347.16 | 168.22 | 168.22 | 166.74 |
| 07/01/2016 | 6,515.38 | 6,287.71 | 227.67 | | 223.00 |
| 01/01/2017 | 6,515.39 | 6,287.72 | 227.67 | 455.34 | 220.35 |
| 07/01/2017 | 6,515.38 | 6,287.71 | 227.67 | | 217.74 |
| 01/01/2018 | 6,515.39 | 6,287.72 | 227.67 | 455.34 | 215.16 |
| 07/01/2018 | 6,515.38 | 6,287.71 | 227.67 | | 212.60 |
| 01/01/2019 | 6,515.39 | 6,287.72 | 227.67 | 455.34 | 210.08 |
| 07/01/2019 | 6,515.38 | 6,287.71 | 227.67 | | 207.59 |
| 01/01/2020 | 6,515.39 | 6,287.72 | 227.67 | 455.34 | 205.13 |
| | 58,638.46 | 56,648.88 | 1,989.58 | 1,989.58 | 1,878.39 |

Savings Summary

| | |
|------------------------------|----------|
| PV of savings from cash flow | 1,878.39 |
| Less: Prior funds on hand | -454.37 |
| Net PV Savings | 1,424.02 |

SAVINGS

Washoe County, NV
Refunding of 2001 SRF Loan

| Date | Prior Debt Service | Refunding Debt Service | Savings | Annual Savings | Present Value to 08/18/2015 @ 2.4003401% |
|------------|--------------------|------------------------|------------|----------------|--|
| 01/01/2016 | 783,503.56 | 768,432.04 | 15,071.52 | 15,071.52 | 14,939.25 |
| 07/01/2016 | 783,503.56 | 763,106.01 | 20,397.55 | | 19,978.75 |
| 01/01/2017 | 783,503.56 | 763,106.01 | 20,397.55 | 40,795.10 | 19,741.82 |
| 07/01/2017 | 783,503.57 | 763,106.02 | 20,397.55 | | 19,507.69 |
| 01/01/2018 | 783,503.56 | 763,106.01 | 20,397.55 | 40,795.10 | 19,276.34 |
| 07/01/2018 | 783,503.56 | 763,106.01 | 20,397.55 | | 19,047.74 |
| 01/01/2019 | 783,503.56 | 763,106.02 | 20,397.54 | 40,795.09 | 18,821.84 |
| 07/01/2019 | 783,503.56 | 763,106.01 | 20,397.55 | | 18,598.63 |
| 01/01/2020 | 783,503.56 | 763,106.02 | 20,397.54 | 40,795.09 | 18,378.05 |
| 07/01/2020 | 783,503.56 | 763,106.02 | 20,397.54 | | 18,160.10 |
| 01/01/2021 | 783,503.57 | 763,106.02 | 20,397.55 | 40,795.09 | 17,944.74 |
| 07/01/2021 | 783,503.56 | 763,106.02 | 20,397.54 | | 17,731.92 |
| 01/01/2022 | | | | 20,397.54 | |
| | 9,402,042.74 | 9,162,598.21 | 239,444.53 | 239,444.53 | 222,126.88 |

Savings Summary

| | |
|------------------------------|------------|
| PV of savings from cash flow | 222,126.88 |
| Less: Prior funds on hand | -65,823.28 |
| Net PV Savings | 156,303.60 |

SAVINGS

Washoe County, NV
Refunding of 2004 SRF Loan

| Date | Prior Debt Service | Refunding Debt Service | Savings | Annual Savings | Present Value to 08/18/2015 @ 2.4003401% |
|------------|--------------------|------------------------|-----------|----------------|--|
| 01/01/2016 | 108,178.25 | 105,160.83 | 3,017.42 | 3,017.42 | 2,990.94 |
| 07/01/2016 | 108,178.25 | 104,094.53 | 4,083.72 | | 3,999.87 |
| 01/01/2017 | 108,178.25 | 104,094.53 | 4,083.72 | 8,167.44 | 3,952.44 |
| 07/01/2017 | 108,178.25 | 104,094.53 | 4,083.72 | | 3,905.56 |
| 01/01/2018 | 108,178.25 | 104,094.53 | 4,083.72 | 8,167.44 | 3,859.25 |
| 07/01/2018 | 108,178.25 | 104,094.53 | 4,083.72 | | 3,813.48 |
| 01/01/2019 | 108,178.25 | 104,094.53 | 4,083.72 | 8,167.44 | 3,768.25 |
| 07/01/2019 | 108,178.25 | 104,094.53 | 4,083.72 | | 3,723.56 |
| 01/01/2020 | 108,178.25 | 104,094.53 | 4,083.72 | 8,167.44 | 3,679.41 |
| 07/01/2020 | 108,178.25 | 104,094.53 | 4,083.72 | | 3,635.77 |
| 01/01/2021 | 108,178.25 | 104,094.53 | 4,083.72 | 8,167.44 | 3,592.65 |
| 07/01/2021 | 108,178.26 | 104,094.54 | 4,083.72 | | 3,550.05 |
| 01/01/2022 | 108,178.25 | 104,094.54 | 4,083.71 | 8,167.43 | 3,507.94 |
| 07/01/2022 | 108,178.25 | 104,094.53 | 4,083.72 | | 3,466.34 |
| 01/01/2023 | 108,178.25 | 104,094.53 | 4,083.72 | 8,167.44 | 3,425.23 |
| 07/01/2023 | 108,178.25 | 104,094.53 | 4,083.72 | | 3,384.61 |
| 01/01/2024 | 108,178.25 | 104,094.53 | 4,083.72 | 8,167.44 | 3,344.47 |
| | 1,839,030.26 | 1,770,673.33 | 68,356.93 | 68,356.93 | 61,599.83 |

Savings Summary

| | |
|------------------------------|-----------|
| PV of savings from cash flow | 61,599.83 |
| Less: Prior funds on hand | 12,540.05 |
| Net PV Savings | 49,059.78 |

SAVINGS

Washoe County, NV
Refunding of 2005A SRF Loan

| Date | Prior Debt Service | Refunding Debt Service | Savings | Annual Savings | Present Value to 08/18/2015 @ 2.4003401% |
|------------|--------------------|------------------------|------------|----------------|--|
| 01/01/2016 | 224,304.01 | 219,037.23 | 5,266.78 | 5,266.78 | 5,220.56 |
| 07/01/2016 | 224,304.01 | 217,176.03 | 7,127.98 | | 6,981.63 |
| 01/01/2017 | 224,304.01 | 217,176.02 | 7,127.99 | 14,255.97 | 6,898.84 |
| 07/01/2017 | 224,304.01 | 217,176.03 | 7,127.98 | | 6,817.02 |
| 01/01/2018 | 224,304.01 | 217,176.03 | 7,127.98 | 14,255.96 | 6,736.17 |
| 07/01/2018 | 224,304.01 | 217,176.03 | 7,127.98 | | 6,656.28 |
| 01/01/2019 | 224,304.01 | 217,176.03 | 7,127.98 | 14,255.96 | 6,577.35 |
| 07/01/2019 | 224,304.01 | 217,176.03 | 7,127.98 | | 6,499.34 |
| 01/01/2020 | 224,304.00 | 217,176.02 | 7,127.98 | 14,255.96 | 6,422.26 |
| 07/01/2020 | 224,304.00 | 217,176.01 | 7,127.99 | | 6,346.11 |
| 01/01/2021 | 224,304.01 | 217,176.03 | 7,127.98 | 14,255.97 | 6,270.84 |
| 07/01/2021 | 224,304.00 | 217,176.02 | 7,127.98 | | 6,196.47 |
| 01/01/2022 | 224,304.01 | 217,176.03 | 7,127.98 | 14,255.96 | 6,122.99 |
| 07/01/2022 | 224,304.01 | 217,176.03 | 7,127.98 | | 6,050.37 |
| 01/01/2023 | 224,304.01 | 217,176.03 | 7,127.98 | 14,255.96 | 5,978.62 |
| 07/01/2023 | 224,304.01 | 217,176.02 | 7,127.99 | | 5,907.72 |
| 01/01/2024 | 224,304.01 | 217,176.03 | 7,127.98 | 14,255.97 | 5,837.65 |
| 07/01/2024 | 224,304.01 | 217,176.03 | 7,127.98 | | 5,768.42 |
| 01/01/2025 | 224,304.01 | 217,176.03 | 7,127.98 | 14,255.96 | 5,700.01 |
| 07/01/2025 | 224,304.00 | 217,176.02 | 7,127.98 | | 5,632.41 |
| 01/01/2026 | 224,304.01 | 217,176.03 | 7,127.98 | 14,255.96 | 5,565.62 |
| 07/01/2026 | 224,304.00 | 217,176.02 | 7,127.98 | | 5,499.61 |
| 01/01/2027 | | | | 7,127.98 | |
| | 4,934,688.17 | 4,779,733.78 | 154,954.39 | 154,954.39 | 135,686.30 |

Savings Summary

| | |
|------------------------------|------------|
| PV of savings from cash flow | 135,686.30 |
| Less: Prior funds on hand | -31,354.54 |
| Net PV Savings | 104,331.76 |

SAVINGS

Washoe County, NV
Refunding of 2006 Storm Sewer Bonds

| Date | Prior Debt Service | Refunding Debt Service | Savings | Annual Savings | Present Value to 08/18/2015 @ 2.4003401% |
|------------|--------------------|------------------------|------------|----------------|--|
| 01/01/2016 | 53,884.95 | 42,341.78 | 11,543.17 | 11,543.17 | 11,441.86 |
| 07/01/2016 | 53,884.95 | 38,262.60 | 15,622.35 | | 15,301.60 |
| 01/01/2017 | 53,884.95 | 38,262.61 | 15,622.34 | 31,244.69 | 15,120.12 |
| 07/01/2017 | 171,875.69 | 156,253.35 | 15,622.34 | | 14,940.80 |
| 01/01/2018 | 171,875.69 | 156,253.35 | 15,622.34 | 31,244.68 | 14,763.62 |
| 07/01/2018 | 171,875.68 | 156,253.34 | 15,622.34 | | 14,588.53 |
| 01/01/2019 | 171,875.69 | 156,253.35 | 15,622.34 | 31,244.68 | 14,415.52 |
| 07/01/2019 | 171,875.69 | 156,253.34 | 15,622.35 | | 14,244.57 |
| 01/01/2020 | 171,875.70 | 156,253.36 | 15,622.34 | 31,244.69 | 14,075.63 |
| 07/01/2020 | 171,875.69 | 156,253.35 | 15,622.34 | | 13,908.70 |
| 01/01/2021 | 171,875.69 | 156,253.35 | 15,622.34 | 31,244.68 | 13,743.75 |
| 07/01/2021 | 171,875.69 | 156,253.35 | 15,622.34 | | 13,580.76 |
| 01/01/2022 | 171,875.69 | 156,253.35 | 15,622.34 | 31,244.68 | 13,419.70 |
| 07/01/2022 | 171,875.68 | 156,253.34 | 15,622.34 | | 13,260.55 |
| 01/01/2023 | 171,875.69 | 156,253.35 | 15,622.34 | 31,244.68 | 13,103.29 |
| 07/01/2023 | 171,875.69 | 156,253.35 | 15,622.34 | | 12,947.89 |
| 01/01/2024 | 171,875.69 | 156,253.35 | 15,622.34 | 31,244.68 | 12,794.34 |
| 07/01/2024 | 171,875.69 | 156,253.34 | 15,622.35 | | 12,642.61 |
| 01/01/2025 | 171,875.69 | 156,253.35 | 15,622.34 | 31,244.69 | 12,492.67 |
| 07/01/2025 | 171,875.69 | 156,253.35 | 15,622.34 | | 12,344.52 |
| 01/01/2026 | 171,875.69 | 156,253.35 | 15,622.34 | 31,244.68 | 12,198.12 |
| | 3,255,417.26 | 2,931,427.26 | 323,990.00 | 323,990.00 | 285,329.15 |

Savings Summary

| | |
|------------------------------|-------------|
| PV of savings from cash flow | 285,329.15 |
| Less: Prior funds on hand | -176,883.56 |
| Net PV Savings | 108,445.59 |

BOND PRICING

Washoe County, NV
2015 SRF Refunding

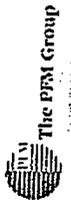
| Bond Component | Maturity Date | Amount | Rate | Yield | Price |
|-----------------|---------------|---------------|--------|--------|---------|
| Bond Component: | | | | | |
| | 01/01/2016 | 1,062,305.97 | 2.400% | 2.400% | 100.000 |
| | 07/01/2016 | 1,007,685.36 | 2.400% | 2.400% | 100.000 |
| | 01/01/2017 | 1,019,777.59 | 2.400% | 2.400% | 100.000 |
| | 07/01/2017 | 1,150,005.67 | 2.400% | 2.400% | 100.000 |
| | 01/01/2018 | 1,163,805.60 | 2.400% | 2.400% | 100.000 |
| | 07/01/2018 | 1,134,732.29 | 2.400% | 2.400% | 100.000 |
| | 01/01/2019 | 1,148,349.10 | 2.400% | 2.400% | 100.000 |
| | 07/01/2019 | 1,162,129.27 | 2.400% | 2.400% | 100.000 |
| | 01/01/2020 | 1,176,074.83 | 2.400% | 2.400% | 100.000 |
| | 07/01/2020 | 1,152,294.19 | 2.400% | 2.400% | 100.000 |
| | 01/01/2021 | 1,166,121.74 | 2.400% | 2.400% | 100.000 |
| | 07/01/2021 | 1,180,115.20 | 2.400% | 2.400% | 100.000 |
| | 01/01/2022 | 431,170.56 | 2.400% | 2.400% | 100.000 |
| | 07/01/2022 | 436,344.60 | 2.400% | 2.400% | 100.000 |
| | 01/01/2023 | 441,580.74 | 2.400% | 2.400% | 100.000 |
| | 07/01/2023 | 446,879.71 | 2.400% | 2.400% | 100.000 |
| | 01/01/2024 | 452,242.27 | 2.400% | 2.400% | 100.000 |
| | 07/01/2024 | 353,574.64 | 2.400% | 2.400% | 100.000 |
| | 01/01/2025 | 357,817.54 | 2.400% | 2.400% | 100.000 |
| | 07/01/2025 | 362,111.35 | 2.400% | 2.400% | 100.000 |
| | 01/01/2026 | 366,456.69 | 2.400% | 2.400% | 100.000 |
| | 07/01/2026 | 214,600.81 | 2.400% | 2.400% | 100.000 |
| | | 17,386,175.72 | | | |

| | | |
|-------------------------|---------------|-------------|
| Dated Date | 08/18/2015 | |
| Delivery Date | 08/18/2015 | |
| First Coupon | 01/01/2016 | |
| Par Amount | 17,386,175.72 | |
| Original Issue Discount | | |
| Production | 17,386,175.72 | 100.000000% |
| Underwriter's Discount | | |
| Purchase Price | 17,386,175.72 | 100.000000% |
| Accrued Interest | | |
| Net Proceeds | 17,386,175.72 | |

BOND DEBT SERVICE

Washoe County, NV
2015 SRF Refunding

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|---------------|---------------|--------|--------------|---------------|---------------------|
| 01/01/2016 | 1,062,305.97 | 2.400% | 154,157.42 | 1,216,463.39 | 1,216,463.39 |
| 07/01/2016 | 1,007,685.36 | 2.400% | 195,886.44 | 1,203,571.80 | |
| 01/01/2017 | 1,019,777.59 | 2.400% | 183,794.21 | 1,203,571.80 | 2,407,143.60 |
| 07/01/2017 | 1,150,005.67 | 2.400% | 171,556.87 | 1,321,562.54 | |
| 01/01/2018 | 1,163,805.60 | 2.400% | 157,756.81 | 1,321,562.41 | 2,643,124.95 |
| 07/01/2018 | 1,134,732.29 | 2.400% | 143,791.15 | 1,278,523.44 | |
| 01/01/2019 | 1,148,349.10 | 2.400% | 130,174.36 | 1,278,523.46 | 2,557,046.90 |
| 07/01/2019 | 1,162,129.27 | 2.400% | 116,394.16 | 1,278,523.43 | |
| 01/01/2020 | 1,176,074.83 | 2.400% | 102,448.63 | 1,278,523.46 | 2,557,046.89 |
| 07/01/2020 | 1,152,294.19 | 2.400% | 88,335.72 | 1,240,629.91 | |
| 01/01/2021 | 1,166,121.74 | 2.400% | 74,508.19 | 1,240,629.93 | 2,481,259.84 |
| 07/01/2021 | 1,180,115.20 | 2.400% | 60,514.73 | 1,240,629.93 | |
| 01/01/2022 | 431,170.56 | 2.400% | 46,353.36 | 477,523.92 | 1,718,153.85 |
| 07/01/2022 | 436,344.60 | 2.400% | 41,179.30 | 477,523.90 | |
| 01/01/2023 | 441,580.74 | 2.400% | 35,943.17 | 477,523.91 | 955,047.81 |
| 07/01/2023 | 446,879.71 | 2.400% | 30,644.19 | 477,523.90 | |
| 01/01/2024 | 452,242.27 | 2.400% | 25,281.64 | 477,523.91 | 955,047.81 |
| 07/01/2024 | 353,574.64 | 2.400% | 19,854.73 | 373,429.37 | |
| 01/01/2025 | 357,817.54 | 2.400% | 15,611.84 | 373,429.38 | 746,858.75 |
| 07/01/2025 | 362,111.35 | 2.400% | 11,318.02 | 373,429.37 | |
| 01/01/2026 | 366,456.69 | 2.400% | 6,972.69 | 373,429.38 | 746,858.75 |
| 07/01/2026 | 214,600.81 | 2.400% | 2,575.21 | 217,176.02 | |
| 01/01/2027 | | | | | 217,176.02 |
| | 17,386,175.72 | | 1,815,052.84 | 19,201,228.56 | 19,201,228.56 |



BOND DEBT SERVICE BREAKDOWN

Washoe County, NV
2015 SRF Refunding

| Date | Refunding of 1997 SRF Loan | Refunding of 2000A SRF Loan | Refunding of 2000B SRF Loan | Refunding of 2001 SRF Loan | Refunding of 2004 SRF Loan | Refunding of 2005A SRF Loan | Refunding of 2006 Storm Sewer Bonds | Total |
|------------|-------------------------------|--------------------------------|--------------------------------|-------------------------------|-------------------------------|--------------------------------|---|---------------|
| 01/01/2016 | 43,239.72 | 31,904.63 | 6,347.16 | 768,432.04 | 105,160.83 | 219,037.23 | 42,341.78 | 1,216,463.39 |
| 07/01/2016 | 43,039.09 | 31,605.83 | 6,287.71 | 763,106.01 | 104,094.53 | 217,176.03 | 38,262.60 | 1,203,571.80 |
| 07/01/2017 | 43,039.09 | 31,605.82 | 6,287.72 | 763,106.01 | 104,094.53 | 217,176.02 | 38,262.61 | 1,203,571.80 |
| 01/01/2018 | 43,039.09 | 31,605.81 | 6,287.71 | 763,106.02 | 104,094.53 | 217,176.03 | 156,253.35 | 1,321,562.54 |
| 07/01/2018 | 43,038.94 | 31,605.83 | 6,287.72 | 763,106.01 | 104,094.53 | 217,176.03 | 156,253.35 | 1,321,562.41 |
| 01/01/2019 | | 31,605.82 | 6,287.71 | 763,106.02 | 104,094.53 | 217,176.03 | 156,253.34 | 1,278,523.44 |
| 07/01/2019 | | 31,605.81 | 6,287.72 | 763,106.02 | 104,094.53 | 217,176.02 | 156,253.35 | 1,278,523.46 |
| 01/01/2020 | | 31,605.81 | 6,287.71 | 763,106.01 | 104,094.53 | 217,176.03 | 156,253.34 | 1,278,523.43 |
| 07/01/2020 | | 31,605.81 | 6,287.72 | 763,106.02 | 104,094.53 | 217,176.02 | 156,253.36 | 1,278,523.46 |
| 01/01/2021 | | | | 763,106.02 | 104,094.53 | 217,176.01 | 156,253.35 | 1,240,629.91 |
| 07/01/2021 | | | | 763,106.02 | 104,094.53 | 217,176.03 | 156,253.35 | 1,240,629.93 |
| 01/01/2022 | | | | 763,106.02 | 104,094.54 | 217,176.02 | 156,253.35 | 1,240,629.93 |
| 07/01/2022 | | | | 763,106.02 | 104,094.54 | 217,176.03 | 156,253.35 | 1,240,629.93 |
| 01/01/2023 | | | | | 104,094.53 | 217,176.03 | 156,253.34 | 477,523.92 |
| 07/01/2023 | | | | | 104,094.53 | 217,176.03 | 156,253.35 | 477,523.90 |
| 01/01/2024 | | | | | 104,094.53 | 217,176.02 | 156,253.35 | 477,523.91 |
| 07/01/2024 | | | | | 104,094.53 | 217,176.03 | 156,253.35 | 477,523.91 |
| 01/01/2025 | | | | | 104,094.53 | 217,176.03 | 156,253.35 | 477,523.91 |
| 07/01/2025 | | | | | 104,094.53 | 217,176.03 | 156,253.34 | 477,523.90 |
| 01/01/2026 | | | | | 104,094.53 | 217,176.03 | 156,253.35 | 477,523.91 |
| 07/01/2026 | | | | | 104,094.53 | 217,176.02 | 156,253.35 | 477,523.91 |
| 01/01/2027 | | | | | 104,094.53 | 217,176.03 | 156,253.35 | 477,523.91 |
| 07/01/2027 | | | | | 104,094.53 | 217,176.03 | 156,253.35 | 477,523.91 |
| | 215,395.93 | 284,751.17 | 56,648.88 | 9,162,598.21 | 1,770,673.33 | 4,779,733.78 | 2,931,427.26 | 19,201,228.56 |

BOND DEBT SERVICE BREAKDOWN

Washoe County, NV
2015 SRF Refunding

| Date | Annual Total |
|------------|----------------------|
| 01/01/2016 | 1,216,463.39 |
| 07/01/2016 | |
| 01/01/2017 | 2,407,143.60 |
| 07/01/2017 | |
| 01/01/2018 | 2,643,124.95 |
| 07/01/2018 | |
| 01/01/2019 | 2,557,046.90 |
| 07/01/2019 | |
| 01/01/2020 | 2,557,046.89 |
| 07/01/2020 | |
| 01/01/2021 | 2,481,259.84 |
| 07/01/2021 | |
| 01/01/2022 | 1,718,153.85 |
| 07/01/2022 | |
| 01/01/2023 | 955,047.81 |
| 07/01/2023 | |
| 01/01/2024 | 955,047.81 |
| 07/01/2024 | |
| 01/01/2025 | 746,858.75 |
| 07/01/2025 | |
| 01/01/2026 | 746,858.75 |
| 07/01/2026 | |
| 01/01/2027 | 217,176.02 |
| | |
| | 19,201,228.56 |



ESCROW REQUIREMENTS

Washoe County, NV
Refunding of 1997 SRF Loan

| Period Ending | Interest | Principal Redeemed | Total |
|------------------|----------|-----------------------|------------|
| 08/18/2015 | 906.81 | 208,503.91 | 209,410.72 |
| | 906.81 | 208,503.91 | 209,410.72 |

ESCROW REQUIREMENTS

Washoe County, NV
Refunding of 2000A SRF Loan

| Period Ending | Interest | Principal Redeemed | Total |
|------------------|----------|-----------------------|------------|
| 08/18/2015 | 1,300.57 | 269,238.83 | 270,539.40 |
| | 1,300.57 | 269,238.83 | 270,539.40 |

ESCROW REQUIREMENTS

Washoe County, NV
Refunding of 2000B SRF Loan

| Period Ending | Interest | Principal Redeemed | Total |
|------------------|----------|-----------------------|-----------|
| 08/18/2015 | 258.74 | 53,562.84 | 53,821.58 |
| | 258.74 | 53,562.84 | 53,821.58 |

ESCROW REQUIREMENTS

Washoe County, NV
Refunding of 2001 SRF Loan

| Period Ending | Interest | Principal Redeemed | Total |
|------------------|-----------|-----------------------|--------------|
| 08/18/2015 | 34,731.41 | 8,512,891.10 | 8,547,622.51 |
| | 34,731.41 | 8,512,891.10 | 8,547,622.51 |

ESCROW REQUIREMENTS

Washoe County, NV
Refunding of 2004 SRF Loan

| Period Ending | Interest | Principal Redeemed | Total |
|------------------|----------|-----------------------|--------------|
| 08/18/2015 | 6,702.95 | 1,598,186.92 | 1,604,889.87 |
| | 6,702.95 | 1,598,186.92 | 1,604,889.87 |

ESCROW REQUIREMENTS

Washoe County, NV
Refunding of 2005A SRF Loan

| Period Ending | Interest | Principal Redeemed | Total |
|------------------|-----------|-----------------------|--------------|
| 08/18/2015 | 16,043.35 | 4,192,175.95 | 4,208,219.30 |
| | 16,043.35 | 4,192,175.95 | 4,208,219.30 |

ESCROW REQUIREMENTS

Washoe County, NV
 Refunding of 2006 Storm Sewer Bonds

| Period Ending | Interest | Principal Redeemed | Total |
|------------------|------------|-----------------------|--------------|
| 01/01/2016 | 53,884.95 | | 53,884.95 |
| 07/01/2016 | 53,884.95 | | 53,884.95 |
| 01/01/2017 | 53,884.95 | 2,551,616.17 | 2,605,501.12 |
| | 161,654.85 | 2,551,616.17 | 2,713,271.02 |

ESCROW COST DETAIL

Washoe County, NV
2015 SRF Refunding

| Type of Security | Maturity Date | Par Amount | Rate | Total Cost |
|--|---------------|------------|--------|--------------|
| Refunding of 2006 Storm Sewer Bonds, Global Proceeds Escrow: | | | | |
| SLGS | 01/01/2016 | 49,750 | 0.020% | 49,750.00 |
| SLGS | 07/01/2016 | 48,211 | 0.200% | 48,211.00 |
| SLGS | 01/01/2017 | 2,599,911 | 0.430% | 2,599,911.00 |
| | | 2,697,872 | | 2,697,872.00 |

| Escrow | Purchase Date | Cost of Securities | Cash Deposit | Total Escrow Cost | Yield |
|--|---------------|--------------------|---------------|-------------------|-----------|
| Refunding of 1997 SRF Loan, Global Proceeds Escrow: | | | | | |
| | 08/18/2015 | | 209,410.72 | 209,410.72 | |
| Refunding of 2000A SRF Loan, Global Proceeds Escrow: | | | | | |
| | 08/18/2015 | | 270,539.40 | 270,539.40 | |
| Refunding of 2000B SRF Loan, Global Proceeds Escrow: | | | | | |
| | 08/18/2015 | | 53,821.58 | 53,821.58 | |
| Refunding of 2001 SRF Loan, Global Proceeds Escrow: | | | | | |
| | 08/18/2015 | | 8,547,622.51 | 8,547,622.51 | |
| Refunding of 2004 SRF Loan, Global Proceeds Escrow: | | | | | |
| | 08/18/2015 | | 1,604,889.87 | 1,604,889.87 | |
| Refunding of 2005A SRF Loan, Global Proceeds Escrow: | | | | | |
| | 08/18/2015 | | 4,208,219.30 | 4,208,219.30 | |
| Refunding of 2006 Storm Sewer Bonds, Global Proceeds Escrow: | | | | | |
| | 08/18/2015 | 2,697,872 | 0.32 | 2,697,872.32 | 0.425316% |
| | | 2,697,872 | 14,894,503.70 | 17,592,375.70 | |

ESCROW CASH FLOW

Washoe County, NV
 Refunding of 2006 Storm Sewer Bonds

| Date | Principal | Interest | Net Escrow Receipts | Present Value to 08/18/2015 @ 0.4253155% |
|------------|--------------|-----------|---------------------|--|
| 01/01/2016 | 49,750.00 | 4,135.30 | 53,885.30 | 53,800.79 |
| 07/01/2016 | 48,211.00 | 5,673.59 | 53,884.59 | 53,685.91 |
| 01/01/2017 | 2,599,911.00 | 5,589.81 | 2,605,500.81 | 2,590,385.30 |
| | 2,697,872.00 | 15,398.70 | 2,713,270.70 | 2,697,872.00 |

Escrow Cost Summary

| | |
|------------------------------|--------------|
| Purchase date | 08/18/2015 |
| Purchase cost of securities | 2,697,872.00 |
| Target for yield calculation | 2,697,872.00 |

ESCROW SUFFICIENCY

Washoe County, NV
2015 SRF Refunding

| Date | Escrow Requirement | Net Escrow Receipts | Excess Receipts | Excess Balance |
|------------|--------------------|---------------------|-----------------|----------------|
| 08/18/2015 | 14,894,503.38 | 14,894,503.70 | 0.32 | 0.32 |
| 01/01/2016 | 53,884.95 | 53,885.30 | 0.35 | 0.67 |
| 07/01/2016 | 53,884.95 | 53,884.59 | -0.36 | 0.31 |
| 01/01/2017 | 2,605,501.12 | 2,605,500.81 | -0.31 | |
| | 17,607,774.40 | 17,607,774.40 | 0.00 | |

ESCROW STATISTICS

Washoe County, NV
2015 SRF Refunding

| Escrow | Total Escrow Cost | Modified Duration (years) | PV of 1 bp change | Yield to Receipt Date | Disbursement Date | Yield to Escrow Cost | Value of Negative Arbitrage | Cost of Dead Time |
|--|-------------------|---------------------------|-------------------|-----------------------|-------------------|----------------------|-----------------------------|-------------------|
| Refunding of 1997 SRF Loan, Global Proceeds Escrow: | 209,410.72 | | | | | | | |
| Refunding of 2000A SRF Loan, Global Proceeds Escrow: | 270,539.40 | | | | | | | |
| Refunding of 2000B SRF Loan, Global Proceeds Escrow: | 53,821.58 | | | | | | | |
| Refunding of 2001 SRF Loan, Global Proceeds Escrow: | 8,547,622.51 | | | | | | | |
| Refunding of 2004 SRF Loan, Global Proceeds Escrow: | 1,604,889.87 | | | | | | | |
| Refunding of 2005A SRF Loan, Global Proceeds Escrow: | 4,208,219.30 | | | | | | | |
| Refunding of 2006 Storm Sewer Bonds, Global Proceeds Escrow: | 2,697,872.32 | 1.337 | 360.59 | 0.425316% | 0.425315% | 2,627,931.27 | 69,941.03 | 0.02 |
| | 17,592,375.70 | | 360.59 | | | 17,522,434.65 | 69,941.03 | 0.02 |

Delivery date 08/18/2015
Arbitrage yield 2.400340%